

92
The

CREDIT WORLD

The Official Organ of the NATIONAL RETAIL CREDIT ASSOCIATION



The National Office Moves

The National Office of the National Retail Credit Association, which for the past five years has been located in the Equitable Building in St. Louis, has outgrown those quarters, and on September 10 will move to the Plaza Olive Building, located at 1218 Olive Boulevard in St. Louis. This is a new twelve story office building, adjoining the twenty-two story building of the Missouri Pacific Railroad, and located on the Municipal Plaza, around which is grouped all the Civic, Municipal and Government Buildings.

This change gives the National Retail Credit Association a headquarters of which every member can be proud, and in keeping with the dignity and progress of the organization. The photograph on the cover of this issue of the CREDIT WORLD shows the building we will occupy, 2200 square feet on the twelfth floor.

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Mr. MORRISON then added:

"Our power plant broke down to such an extent that proper power could not be supplied for the telautographs—and this short interruption to our service has made us wonder as to how we ever managed to get along before we started to use telautographs in our business. This is the unanimous opinion of our employees."

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Credit Association

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DAVID J. WOODLOCK, Editor
GUY H. HULSE, Asso. Editor

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Number 1

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Official Magazine of the National Retail Credit Association

Change of Address: A request for change of address must reach us at least one month before the date of the issue with which it is to take effect. Duplicate copies cannot be sent without charge to replace those undelivered through failure to send this advance notice. With your new address it is absolutely essential that you also send us your old one.

Application made for transfer of entry from the post office at Saint Louis, Missouri, to the post office at Mount Morris, Illinois.

EDITORIAL

September Brings Thoughts of School

WHY stay on earth unless it be to grow mentally as well as physically? To increase his store of knowledge with each succeeding year is the ambition of every man of vision.

No longer is "Reading and Riting and Rithmetic taught to the tune of a hickory stick." Education which is learning and storing in our memories the experience and knowledge of others, is brought to our homes and our offices in a way which places it within the reach of all who are willing to give a few minutes each day or week to study.

Those who have never had an opportunity to remain in school beyond grammar grades or those who wasted precious hours of their youth because they did not realize that knowledge is power, can by a little sacrifice of time acquire a University education.

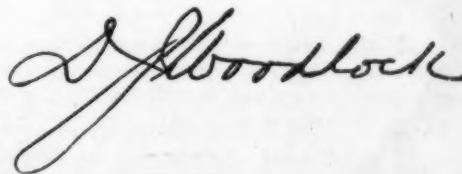
After a year of preparation the National Retail Credit Association has announced a course in Retail Credits, consisting of fifteen lectures and supplemented by a text book covering every angle of Retail Credit granting, Collections, office detail and Sales promotion. Classes are being organized in every city of importance. Enrollments

are made under the supervision of the National office of the N. R. C. A., a card record kept of each student. Examination papers are graded by a staff of Credit Managers and College professors, and certificates as to grades made issued to students.

The course is open to all men and women interested in Credit work whether members of the Association or not and in particular to Assistant Credit Managers, Bookkeepers, Clerks, etc., now employed in Retail stores.

This is one of the most outstanding service features of the N. R. C. A. It has the endorsement of every prominent Merchant of the country because it means well educated Credit Men and women to handle this most important feature of the nation's commerce.

We urge all members of the N. R. C. A. to encourage the immediate formation of classes. Secure at once a supply of enrollment cards and complete information from the National Retail Credit Association, St. Louis, Mo.



Credit Situation As Regards Retail Accounts

Address delivered before the Texas Retail Dry Goods Association afternoon of May 7, 1929, Baker Hotel, Dallas, Texas

By **E. P. SIMMONS**

Vice-President Sanger Bros., Inc., Dallas, Texas

SOME of you no doubt wonder why I was invited to say something about the Credit situation. It is because Mr. W. A. Green, long ago, came to the conclusion that prompt collection of accounts is a hobby of mine and perhaps it does appear that way to him, because I have been advocating for Dallas a monthly collection percentage on out-standing open unsecured accounts of at least 50%. In working up the details for this talk, I made a number of inquiries—the questions asked are as follows:

1—How will the figures on collection percentages of

the retail merchants of Texas compare with the same figures of merchants in the other states in the East, the Central and the West?

2—Has the business or profession of Retail Credit granting kept pace with the general progress made in the activities of all industry and commerce during the past five or ten years?

3—What in your opinion is the most outstanding obstacle now in the way of better and safer Retail Credit granting and better, more prompt retail collections?

Now answering the first question:

1—How will the figures on collection percentages of the retail merchants of Texas compare with the same figures of merchants in the other states in the East, the Central and the West?

A study of the figures show very clearly that however capable Texas Retailers are in many other phases of the great game of retailing, they have a poor rank as regards collecting their accounts promptly. These figures

furnished by our own Federal Reserve Bank of Dallas—the 11th Federal Reserve District.

I do not believe there is a Retailer here who is satisfied to rate lower than the Retailers in Districts such as Cleveland, Chicago, St. Louis, Minneapolis or Kansas City, or any other cities.

The State of Texas ranks very high in many things—so why should the Retailers be so backward in a matter so important as the prompt collection of accounts. We should rank along side, if not ahead, of the very best of them instead of being down the list next to or beneath

such districts as Atlanta and Richmond. In population Texas ranks 5th—first in agricultural production—first in oil production. In total wealth Texas ranks 10th. This indicates clearly that we could have a better credit situation than most any other State, if we would only set out with the necessary determination to bring it about.

Now as to question number two:

2—Has the business or profession of Retail Credit granting kept pace with the general progress made in the activities of all industry and commerce during the past five or ten years?

Let's see what the Dallas District shows:

| 1928 | District 1 Boston | District 2 New York | District 3 Philadelphia | District 4 Cleveland | District 5 Richmond | District 6 Atlanta | District 7 Chicago | District 8 St. Louis |
|-----------|-------------------------|---------------------------|-------------------------------|----------------------------|---------------------------|--------------------------|--------------------------|----------------------------|
| January | 45.3 | 52.5 | 42.0 | 39.9 | 29.9 | 35.8 | 42.8 | 45.4 |
| February | 49.6 | 46.7 | 37.0 | 37.5 | 27.5 | 35.4 | 40.2 | 41.4 |
| March | 46.6 | 50.6 | 38.0 | 37.0 | 28.0 | 37.4 | 41.6 | 43.0 |
| April | 46.5 | 48.4 | 37.0 | 36.7 | 27.1 | 33.4 | 40.3 | 43.3 |
| May | 50.8 | 49.6 | 39.0 | 38.7 | 28.8 | 33.7 | 40.3 | 44.1 |
| June | 50.8 | 49.7 | 38.0 | 38.0 | 28.5 | 31.9 | 41.2 | 44.2 |
| July | 48.3 | 45.1 | 36.0 | 35.6 | 27.3 | 31.6 | 38.9 | 41.6 |
| August | 44.6 | 41.3 | 34.0 | 34.3 | 24.5 | 30.5 | 35.9 | 39.0 |
| September | 40.8 | 44.9 | 34.0 | 33.2 | 24.5 | 29.0 | 37.5 | 38.8 |
| October | 48.6 | 49.9 | 39.0 | 38.0 | 28.9 | 33.1 | 41.6 | 44.8 |
| November | 51.2 | 47.6 | 39.0 | 39.1 | 23.7 | 33.3 | 40.8 | 45.7 |
| December | 50.0 | 45.6 | 39.0 | 39.0 | 28.9 | 32.8 | 40.3 | 44.7 |

| 1928 | District 9 Minneapolis | District 10 Kansas City | District 11 Dallas | Bank of Dallas District | City of Dallas | District 12 San Francisco | Sanger Dallas |
|-----------|------------------------------|-------------------------------|--------------------------|----------------------------------|----------------------|---------------------------------|------------------|
| January | 32.4 | 41.3 | 36.3 | 9th | 32.9 | 47.3 | 28.19 |
| February | 62.4 | 39.7 | 36.1 | 10th | 33.1 | 44.3 | 34.51 |
| March | 52.7 | 40.3 | 36.3 | 11th | 33.7 | 47.0 | 34.92 |
| April | 51.9 | 40.8 | 36.3 | 10th | 33.7 | 45.5 | 34.36 |
| May | 50.9 | 41.7 | 35.9 | 10th | 31.5 | 47.4 | 27.60 |
| June | 52.3 | 42.6 | 36.1 | 10th | 32.9 | 46.2 | 36.01 |
| July | 48.5 | 41.2 | 34.3 | 10th | 30.7 | 45.0 | 33.51 |
| August | 49.2 | 40.4 | 32.3 | 10th | 29.6 | 45.1 | 38.48 |
| September | 47.3 | 39.5 | 36.5 | 8th | 29.9 | 45.3 | 37.51 |
| October | 51.1 | 43.8 | 38.8 | 9th | 37.2 | 48.3 | 44.84 |
| November | 50.5 | 43.7 | 39.4 | 8th | 37.9 | 46.2 | 45.76 |
| December | 54.2 | 43.5 | 37.3 | 10th | 32.4 | 45.6 | 42.95 |

It is to be noted that the 11th Federal Reserve District has a low ranking and that the city of Dallas ranks even lower.

DEPARTMENT STORE COLLECTIONS 11th Federal Reserve District

| | 1923 | 1925 | 1928 |
|-----------|------|--------|--------|
| January | 41.6 | 42.6 | 36.3 |
| February | 38.2 | 40.5 | 36.1 |
| March | 40.4 | 40.9 | 36.3 |
| April | 36.9 | 41.6 | 36.3 |
| May | 39.3 | 40.3 | 35.9 |
| June | 38.1 | 41.8 | 36.1 |
| July | 36.8 | 36.9 | 34.3 |
| August | 33.8 | 33.7 | 32.3 |
| September | 33.7 | 35.7 x | 36.5 x |
| October | 39.9 | 42.1 | 38.8 |
| November | 40.3 | 38.7 x | 39.4 x |
| December | 40.6 | 39.3 | 37.3 |

Every single month of the year 1928 shows a lower collection percentage on outstanding accounts than in 1923—five years ago—surely not a good sign of progress—on the contrary, a very definite back turn.

Let's see how 1925 compares with 1928. The figures show only two months in 1928 were better than 1925. A very definite proof of worse collections and lack of progress in a matter that is so vital in sound successful retailing.

Let's now see how the Boston district shows:

DEPARTMENT STORE COLLECTIONS 1st Federal Reserve District (Boston)

| | 1923 | 1925 | 1928 | |
|-----------|------|------|------|-----|
| January | 48.6 | 52.1 | 45.3 | W W |
| February | 46.1 | 47.8 | 49.6 | B B |
| March | 51.1 | 48.6 | 46.6 | W W |
| April | 48.2 | 50.7 | 46.5 | W W |
| May | 49.3 | 51.5 | 50.8 | B W |
| June | 49.5 | 51.6 | 50.8 | B W |
| July | 47.9 | 50.9 | 48.3 | B W |
| August | 44.8 | 44.8 | 44.6 | W W |
| September | 43.1 | 43.9 | 40.8 | W W |
| October | 49.5 | 51.1 | 48.6 | W W |
| November | 48.8 | 51.3 | 51.2 | B W |
| December | 50.0 | 48.6 | 50.0 | B B |

1928 compared with 1923 shows six months with better collection percentages and six months with lower collection percentages.

1928 compared with 1925 shows two better and 10 lower.

How about the Chicago District?

DEPARTMENT STORE COLLECTIONS 7th Federal Reserve District (Chicago)

| | 1923 | 1925 | 1928 | |
|-----------|------|------|------|-----|
| January | 47.7 | 46.2 | 42.8 | W W |
| February | 45.2 | 40.6 | 40.2 | W W |
| March | 48.0 | 43.0 | 41.6 | W W |
| April | 45.1 | 44.0 | 40.3 | W W |
| May | 47.3 | 45.7 | 40.3 | W W |
| June | 46.3 | 44.5 | 41.2 | W W |
| July | 42.2 | 41.2 | 38.9 | W W |
| August | 40.8 | 38.6 | 38.9 | W W |
| September | 43.0 | 40.4 | 37.5 | W W |
| October | 47.9 | 45.5 | 41.6 | W W |
| November | 45.6 | 42.8 | 40.8 | W W |
| December | 45.0 | 42.9 | 40.3 | W W |

1928 compared with 1923 shows every single month of the year lower for 1928.

1928 compared with 1925 shows every single month of the year of 1928 lower than 1925. I think we can catch Chicago if they don't show something better.

How about Kansas City?

DEPARTMENT STORE COLLECTIONS 10th Federal Reserve District (Kansas City)

| | 1923 | 1925 | 1928 | |
|-----------|------|------|------|-----|
| January | 48.3 | 48.1 | 41.3 | W W |
| February | 46.5 | 41.7 | 39.7 | W W |
| March | 47.2 | 41.8 | 40.3 | W W |
| April | 44.8 | 44.1 | 40.8 | W W |
| May | 45.4 | 41.8 | 41.7 | W W |
| June | 45.0 | 42.7 | 42.6 | W W |
| July | 45.2 | 41.0 | 41.2 | W B |
| August | 41.4 | 39.6 | 40.4 | W B |
| September | 41.9 | 40.4 | 39.5 | W W |
| October | 48.1 | 45.6 | 43.8 | W W |
| November | 47.2 | 42.3 | 43.7 | W B |
| December | 47.8 | 43.5 | 43.5 | W |

1928 compared with 1923 shows every single month lower for 1928.

1928 compared with 1925 shows 8 months lower than 1925—three months better and one month the same.

What about San Francisco?

DEPARTMENT STORE COLLECTIONS 12th Federal Reserve District (San Francisco)

| | 1923 | 1925 | 1928 |
|-----------|-------|-------|--------|
| January | | | 47.3 |
| February | | | 44.3 |
| March | | | 47.0 |
| April | | 43.3 | 45.5 B |
| May | | 44.6 | 47.4 B |
| June | | 43.9 | 46.2 B |
| July | | 42.5 | 45.0 B |
| August | | 43.3 | 45.1 B |
| September | | 43.6 | 45.3 B |
| October | | 47.4 | 48.3 B |
| November | | 47.3 | 46.2 |
| December | | 41.6 | 45.6 B |

San Francisco shows very much better results.

Other Districts are not shown because the figures are not available.

From the figures available it is shown that the business or profession of retail credit granting as far as open unsecured accounts are concerned has not kept pace with the general progress of industry and commerce.

We have credit bureaus and on the whole we are better organized, but we are not keeping up with the collections because of lack of cooperation—which is covered in the next question and answer.

Question 3—What in your opinion is the most outstanding obstacle now in the way of better and safer retail credit granting and better and more prompt retail collections?

1—Beyond any question of doubt the greatest single obstacle is lack of community cooperation among merchants.

2—The next greatest obstacle is the fact that many merchants have no definite standard set terms for their charge accounts. Then, many of them have definite terms, but will not permit their credit men to enforce them.

Now getting back to the chief obstacle—lack of community cooperation among merchants. It seems to me that such a thing could be brought about if merchants or heads of stores would give this problem some time and study and have the desire to bring about more cooperation, especially when it is for the betterment of retail business. Supposing in Dallas, for example, the merchants would agree that the terms on open unsecured accounts would be thirty days, and that any accounts that were delinquent on the 26th of the month in which it was due would be automatically stopped until paid, and the other merchants cooperating would also stop charges until the first merchant's account was settled. If such cooperation were in effect it would soon put the operations of your credit office on a very smooth basis and we would have a collection percentage on accounts that could be compared with any city anywhere. I think all of us will admit that the credit men would work the details of such a plan out if the head of the business would only back them up.

It is time for merchants all over the country to consider the general public's attitude towards retail obligations. From inquiries made it seems that the public's attitude toward promptly meeting a retail obligation is becoming very indifferent. I think the same trend of thought is taking hold that makes for such lack of respect of the laws of the land. Now, this is much more serious than any of us can realize without a great amount of study and thought. The very fact that there are so many lawless elements and so many laws that are being flagrantly violated or not properly enforced, is bringing about a fast loosening of our structure as a people and this loosening up is becoming apparent in the paying of retail obligations promptly and is going to become rapidly worse unless the merchants correct it. Credit is a privilege that should not be abused and any great abuse is going to ruin the whole scheme of things and keep the American people from continuing on the great road of progress.

The following telegram was sent to some of the most outstanding business men of America and their replies follow in alphabetical order of associations and firms represented:

"On May 7th, I have the privilege of addressing the Texas Retail Dry Goods Association on the credit situation as regards retail accounts. In planning the address would like to have from you a brief statement in the form of a letter or wire saying what, in your opinion, is the most outstanding obstacle now in the way of better and safer retail credit granting and better and more prompt retail collections. Also advise whether the business or profession of retail credit granting and collecting of retail accounts has, in your opinion, kept pace with the general progress made in the activities of all industry and commerce during the past ten years. Will greatly appreciate having the above and any other points which you can give to help me make my address interesting."

Reply from Mr. Alfred B. Koch, President, National Retail Dry Goods Association and President LaSalle Koch Company, Toledo, Ohio.

"The most outstanding obstacle in the way of better and safer retail credit was the fact that in the years gone by credit was based on what a man was worth and not on how he paid his bills. In addition, the credit rating books were privately owned and created further obstacles to good, fair credit information. In most of our leading cities today the merchants' retail boards have bought out these book rating companies and have made them a part of our retail credit board. In Toledo all stores have direct trunk lines to our credit information service as well as tel-autograph service where prompt information is given to all members regarding the method and practice of the individual concerned in the payment of bills. The membership is not limited to department stores and specialty stores but in communities who have had a great deal of vision, they have included in this membership doctors, coal dealers, bankers, grocers, etc.

"In the past another one of the greatest obstacles was that the owner or a partner of a store was usually at the head of his own credit department which I think is the greatest liability any store can have. He is too close both in heart

and mind to the progress of his business to decide absolutely on credit based on facts.

"In many of the leading cities today the credit board has taken over the collection and the financing of people who have become involved and has made it possible for these unfortunate individuals to pay up.

"This answers your question about more prompt retail collections. In my humble opinion since the advent of this bureau with the retail merchants board, retail accounts have kept pace with the general progress made in the activities of all industry and commerce during the past ten years."

Reply from Mr. James R. Hewitt, President, National Retail Credit Association and Credit Manager, The Hub, Baltimore, Maryland.

"Replying to your telegram, I will endeavor to answer your questions in the order in which they were stated.

"What in your opinion is the most outstanding obstacle now in the way of better and safer Retail Credit?" It is my opinion that in a great many instances a retail merchant in his eagerness for volume sells credit terms instead of merchandise. The lack of a credit community

policy is responsible for this condition, and when merchants realize the benefit made in their business approved from sales of merchandise rather than credit conditions will be materially improved.

"Better and more prompt collections will result only when competition in the extension of credit, especially as applied to terms, is removed and a definite collection policy established.

"The best evidence of both established terms and a credit community policy, which as a matter of fact covers the first idea, is illustrated in the collection percentages of Minneapolis, Minn. In that city the merchants have a very definite credit policy requiring the liquidation of open accounts by the 15th of the following month, and in cases where such settlement is not made the Clearing House is so advised and credit is automatically suspended throughout the city. This has resulted in the highest collection percentages of any community in the country and affords ample proof of what can be done in every city where a definite credit policy prevails.

"Credit is to the retail business what gas is to the automobile. As you know there is good and bad gas. No matter how good the car, it will not run properly on bad gas. No matter how wealthy the store it will not function properly on the improper extension of credit.

"I would estimate of the sixty to sixty-five billions of retail sales between 65 and 75% is done on credit which proves the retail merchants realize the part credit plays in the conduct of their business, and among the larger stores throughout the country the extension of credit has kept pace with the general progress of business.

"I am thoroughly convinced that with the adoption of a sane credit policy in any community retail credit will be properly and economically extended, and will prove both beneficial to the merchant and to the purchasing public.

"Installment selling has also proven its worth in supplying the buying public necessities of the day, which might have been considered as luxuries ten years ago.

"Installment credit handled in a proper and intelligent manner is a very valuable addition to our credit structure, and the smart merchant realizing this, is taking advantage of the opportunity not only to increase his sales volume, but also for production.

"The danger in installment selling is that of permitting the buying public to hypothecate their earning capacity too far ahead without making proper provision for emergencies.

(Continued next month.)

Store Mutual Protective Association Department

By W. H. Jenkins

St. Louis, Mo.

THE protection of retail merchants against the depredation of thieves and swindlers of all kinds is rapidly becoming a science. In the old days the Retail Merchant either depended on the alertness of the floorman, section manager, or salespeople for protection against thieves. We conceive however, that in those days the depredations against the Retail Merchants were comparatively few and crude. The first development along the lines of protection was the House Detective, usually a man with "detective" showing all over him, big, heavy soled shoes, mustache, derby hat, and a cigar in his mouth. He was as readily located or "cased" by the thief, as if he had been carrying a bell. As a deterrent against the thief, he was good only to frighten the amateur. Quite often he was, what is known among thieves, as a wise-cracker, meaning "approachable for a deal."

Then came the woman House Detective, who was usually recruited from the sales force, and who had shown an aptitude in her daily work for detecting shoplifters. These women, often with no training at all, were turned loose in the store with instructions to watch for shoplifters, and did apprehend some, though the danger of damage suits for their employers, for false arrests, was a very real one.

The next development was the placing of the protection of the store, usually department stores, under the direct supervision of one man, who bore the title of Superintendent of Protection. This man was a highly trained and efficient investigator, and thief catcher. He

trained his own women, for it had been determined that the amateur detective was more dangerous to the store than the shoplifter, so that it was necessary to place trained operatives at this work, and this was done. It was also found that women house detectives are far superior to men, though a man should be in charge.

In the meantime there had been a rapid improvement in the methods of the thieves themselves. Local shoplifters organized themselves into bands, and operated according to schedule, providing themselves with a market for their stolen merchandise, and often soliciting orders for coats, suits and dresses, lingerie, hosiery, men's clothing, etc. It is a deplorable fact, but it is a fact, that a large percentage of the so-called honest people of our small world will succumb to a temptation to buy stolen merchandise. The old desire to get something for nothing, or practically nothing, is the passion which is responsible for that situation.

The business of stealing from the Retail Merchant became a recognized industry among the thieves, and follows closely the specializing by thieves in their activities, the systematizing of their work, and the creating of organized bands or "mobs," who travel from town to town and city to city, during the proper seasons, specializing in their particular branch of the business. These mobs usually consist of from 2 to 3 or 4 women and one man. The man is the crew manager, and before he starts out from his headquarters with the crew of thieves, whose headquarters may be in Chicago, Toledo, Boston, New



TOP, LEFT TO RIGHT: E. M. MILLISON, BALTIMORE; HOWARD EDWARDS, DETROIT; LEO WELCH, AKRON. SEATED, LEFT TO RIGHT: LOUIS H. LEFF, PITTSBURGH, PA.; W. H. JENKINS, ST. LOUIS, MO.; V. D. YOUNG, ATLANTA. EXECUTIVE BOARD NATIONAL ORGANIZATION STORES MUTUAL PROTECTION ASSOCIATION.

York, Philadelphia, or elsewhere, he has outlined to him, by his backer, a list of merchandise, which is most saleable (if it is a fur mob, the list will consist of the kinds of fur coats, size, description, etc.). His route is laid out for him, the Hotel or boarding house, where he is to stop in the various cities on his route, the name of an attorney, or "mouth piece," to whom he is to appeal in case of an arrest, the names of any law enforcement officer in that town, who may be approachable for a deal, the name of the bondsman who is to be used in case of an arrest, so that all the safeguards of which human ingenuity can conceive are thrown about the person of the thief. The position of the fur department in the various stores, which stores are easily attacked because of insufficient protection, time tables of interurban lines, bus lines, rail lines, etc., for a quick and easy get away.

A member of the mob is stationed near the store about to be worked, in an automobile, and the moment that the furs are stolen they take them to this car and turn them over to the driver of the car, who leaves the vicinity at once. If the shoplifters are later found on the street and searched, there is nothing on them. If their rooms in a Hotel where they are stopping are located and searched, there is nothing there, because the confederate with the machine is stopping at a different Hotel or boarding house than the rest of the mob. He does not travel with the mob, nor is he seen with them except at the point of contact mentioned above. More will be said about this particular matter at some future date at which time I want to quote Mr. Louis H. Leff of Pittsburgh, Pa.

The object now is simply to state the fact that organized thievery against the stores of Retail Merchants, is a fact and that fur mobs, silk mobs, dress mobs, jewelry mobs, all adhering strictly to their own special line, travel throughout the cities of this country during the seasonal shopping time, and reap a rich harvest from the Retail Merchants' stock of merchandise.

The Retail Merchant has also constantly with him the dishonest employee, who is an extremely costly liability. Mr. Paul Baker, a well known store executive, once expressed the opinion that one dishonest employee is more costly to the store than five shoplifters, and I believe that to be correct. The dishonest employee may be a buyer, assistant buyer, section manager, salesperson, elevator operator, porter, detective, delivery man, or any other walk in life of an employee of the store. Their chances for stealing are far in excess of those of the casual shoplifter, though they do not become so adept.

We then have the bad check operator, insufficient funds check, worthless checks, forgeries, no accounts, and all of the other numerous ways of swindling Mr. Merchant. The loss here is millions of dollars yearly.

Next in line, but not least in importance by any means, is the charge account swindler. Beyond any doubt this is the growing menace to the Retail Merchant. The charge account swindler is increasing by leaps and bounds, mostly because of the innate decency of the merchant. The merchant who hesitates to prosecute a

Miss Helen I. Croul Dead

Miss Helen I. Croul, Secretary and Manager of the Davenport Rating Association of Davenport, Iowa, passed away on July 31.

Miss Croul was one of the outstanding women Credit Bureau Managers of the country and had built the Davenport Association to a high point of efficiency.

For years she had been an enthusiastic worker in the National and was a familiar figure at the Conferences and Conventions, serving on many important Committees.

young girl, or young woman, or young man, or a woman with a family, and to take the position of prosecuting them for merchandise purchased on the account of some other customer, throwing themselves open to the charge that they are prosecuting some poor working girl who is trying to get along, or to break up a home of a heretofore happy family, or to ruin the character of a young man, or a young woman, thus robbing them of a good name, so then the merchant tells them to go their way and sin no more. They immediately return to the store with a new list of names on which to buy.

In addition to and aside from these parasites who prey on the merchant, we have the damage suit crank, who is continuously on the lookout for a chance to slam a damage suit against the store for any reason whatever, or for no reason at all.

Our law makers, being lawyers themselves, have so arranged our laws that anybody can sue anybody, for anything, at anytime, so that we have the apparent customer who falls on the stairway, or slips on the grating, or is insulted by some clerk, or other employee, or who gets a finger smashed in an elevator door, or many of the other thousands of imaginary reasons to uphold a damage suit, which really should be termed blackmail. We are now prepared to handle these people, through the office of a certain insurance corporation.

This then was the approximate situation of the Retail Merchant, beset on all sides by parasites, attacked from all quarters by money hungry thieves, when the Stores Mutual Protective Associations began to be formed throughout the United States. There are now Stores Mutual Protective Associations in about 15 of the larger cities in the United States.

The Stores Mutual Protective Association of St. Louis was organized in the fall of 1921, by certain members of the Associated Retailers, and was incorporated under the laws of the State of Missouri, and the Articles of Incorporation provide for a capital stock of \$10,000, one half of which is paid in.

In order to provide necessary revenue, all of the stores agreed to use a certain amount of service each month. The three stores holding twenty-two shares each agreed to a minimum of \$275.00 per month each. The one store holding sixteen shares uses a minimum of \$200.00 per month, and the three stores holding six shares each use

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The U in Success

Is Important to the Credit Manager

By MYRON KATTEN

A. Katten & Sons, Inc., Hartford, Conn.

WHEN credit is extended, a person buys goods or renders service in return for a promise to pay for these goods or services at a future time, *credit then*, is an exchange of goods or services for a future promise to pay.

It's this latter element (future promise to pay) of the transaction that comes up for examination whenever credit is extended. What is the value of this promise to pay? Is it *fortified* by such reasonable assurances that a man may safely sell his goods or render his services without receiving the actual cash at time of exchange?

Fletcher Montgomery of the Hat Institute says "It's just as immoral to be uninformed as to be unclad." We must know in detail the applicant for credits circumstances. We must not jump at conclusions like Bruce's mother did.

Bruce's family was very much pleased because little six year old Bruce was greatly interested in the Sabbath—God's day, as his mother called it.

One morning when he woke up he said to his mother: "Mamma, is this God's day?"

"Oh, no, this is Wednesday."

The next morning Bruce asked the same question, and also the following morning, and each time he asked it his mother filled with pride.

On Sunday morning Bruce asked the same question.

"Yes, Bruce," his mother replied, "this is God's day."

"I'm glad," cried Bruce, "Where is the funny paper?"

The limitations on the amount of credit and the length of time for which credit is to be granted should be governed by three considerations:

First, what kind of a man is the applicant?

Second, how is he conducting himself and his business?

Third, what is the business he is conducting?

The answer to the question propounded in the first of these considerations, "what kind of a man is the applicant?" is fundamental in any association or business relation where credit is a factor. It's the basis of personal credit, on which we retailers, like wholesalers judge the advisability of trusting our customer.

Although personal credit was the first kind to come into existence and thus is the oldest the granting of such credit has only recently been organized systematically. This fact need occasion no surprise however, if we take into account the conditions under which such credit is frequently granted, each separate extension of such personal credit is made to an individual member of society whose relations, to others, in his capacity as an individual consumer, is not placed on record by means of public

ratings of his capital and character as in the case with the applicant for commercial credit.

The great difference in the economic status of those who wished to buy, on credit, goods for their own consumption, in the past, rendered it almost impossible to establish a uniform credit policy on the part of the dealers from whom they bought.

I would at this time like to go on record that our local bureau managed by Mr. A. C. Moreau is giving the merchants of Hartford a very high standard of credit information, credit information that can be relied upon and which guides the credit men of Hartford along the right channels.

The injudicious extension of personal credit has a two fold effect; an influence upon the commercial system as a whole, and an influence upon prices. If the retail merchant cannot collect his debts when these are due he may be compelled to ask the wholesaler from whom he buys his goods to wait for payment. Ultimately, of course, the penalty for all this looseness with regard to the ob-

servance of credit terms is paid by the consumer in the form of increased prices. This is made necessary because the commercial world must assume the added risk of bad debts. Every credit transaction embodies two characteristic features. *One* is that each transaction involves the future, the other that it constitutes an implied contract. Hence in endeavoring to determine whether an applicant is entitled to credit favors, the credit grantor must take into consideration first of all the probability of the credit-taker's being able to make payment at the expiration of the credit period, whether this be 30 or 60 days or longer. He must also consider the probability of the debtors being willing to do so.

To make the transaction safe from a credit viewpoint there must be present both, ability and willingness to pay. Of course we could spend much time elaborating these two points.

It has been said by those whose right to be heard on such a question cannot be denied, that character is the only thing to be considered in determining a credit risk. That a good character goes a long way in business is not in question. But that it is sufficient by itself to secure present possession of goods on promise of future payment may well be doubted.

A man can be so easily misjudged.

SOME PEOPLE
expect opportunity
not merely to knock
at their door, but to
ring them up on the
phone beforehand.

WHY NOT?

Mrs. Prime: "I didn't see your husband in church this morning."

Mrs. Glim: "No, he doesn't dare go now."

Mrs. Prime (shocked): "Doesn't dare go? Why?"

Mrs. Glim: "Last Sunday the pastor prayed for the loose livers of the parish. After the service my husband asked him if he wouldn't slip in just a few words about his floating kidney—and the minister threw a hymn book at him!"

If the credit-giver were always in possession of all the facts that bear upon the credit-seeker's condition he would make few errors in estimating the latter's credit title. It is because the information at hand is often incomplete and at times actually misleading that credit frequently is granted to a person unrightly entitled thereto. It follows that the more complete and specific such information is the less likelihood is there of making mistakes. The capable credit man neglects no opportunity to inform himself as fully as possible regarding the credit-seeker's actual condition, financial and otherwise, as far as this relates to his credit title.

Need I mention here that the value of the credit information obtained must, of course, always be considered in connection with the sources from which it comes. We, in Hartford, have learned to depend absolutely on the information we get from our local bureau.

The thought comes to me here, of a book I recently read by Paul DeKruif called "Microbe Hunters." And then the following classification came to me. The Microbe is the *questionable account* which grows into the disease of the *uncollectable accounts*.

The existence of the credit man has a distinct function in business, as a result of the development of that system of credit giving which has grown up in connection with sales of goods on credit.

Matters of credit in common with our questions of business policy and business practice were at one time decided by the owner or general manager, but with the increase of credit giving the matter of passing upon a customer's credit title came to be a special function in the hands of a special official, who could devote the necessary time and attention to making credit investigation. As competition grew keener and profit margins grew smaller the importance of the credit man in preventing losses became correspondingly emphasized in practice, until today he is rightly regarded not only as an indispensable

factor in modern merchandising but as a constructive force in the scheme of business.

In order to be of the greatest value to his concern the credit man must steer a middle course. He must take some chances although these should never be blind chances. He must always firmly decline to check an order, if a well founded doubt exists in his mind with regard to the probability of the ultimate payment of the account.

Difficulties often arise because the authority given the credit man is not clearly understood by all concerned and clashes of authority ensue. There are some credit men who believe that their authority should be absolute, and that no one of like rank or even of superior rank in the general organization of the business should question in any way the decisions of the credit department. Unless the head of the firm is the direct head of the credit department it would be an abdication of proper executive supervision to place such unlimited power in the hands of the credit man. There seems to be no good reason why the head of this department any more than the heads of other departments should be granted extraordinary power.

The credit man should be among the first to recognize the necessity of cooperation and should be guided by it in his attitude toward the department of sales.

It is, however, chiefly through his attitude toward the customers of his house

that the credit man's value to the house is determined. It is his duty to make their dealing with his house so pleasant that not only will their accounts at all times be in a satisfactory state, but a continuance of their patronage may be expected from year to year.

The credit man's desire to please customers must not, however, be permitted to obscure his views or affect his sentiments with regard to the importance of observing the credit terms of his concern, in other words, of meeting payment obligations promptly and fully.

Edison says that genius is 2 parts inspiration and 98 parts perspiration. Stick to the work you have to do, however irksome and tiresome it may become, don't let go too soon.

When Kipling was a boy about ten, his father took him on a voyage in an old-style sailing boat. While Kipling Senior sat in his cabin reading a book, a great storm

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Rubber Stamps Obsolete

No up-to-date Credit Manager would think of using a rubber stamp for signing his letters even though they might be form letters. Then why use a "Past Due" rubber stamp on statements?

The little gummed sticker issued by the N. R. C. A. and called gentle persuaders are more dignified and attract attention without giving offence.

Our members have used over a million and constantly re-order, so they must bring returns.

See the inside cover advertisement. They are furnished for what it costs to print and mail, *to members only* and because of having them printed in million lots the cost is small.

Instruct your Bookkeeper to hand you all past due accounts, attach one of these gentle persuaders and note the results. We guarantee it will save you much letter writing and collection expense.

The National Emblem combined with polite wording is what does the work.

Credit Granting Thru Finance Companies

By
Lindley S. Crowder

Chicago
President General Contract Purchase Corporation

NOTE:—Mr. Crowder was elected vice-president of the N. R. C. A. in 1918 and served as acting president due to the resignation, because of illness, of William H. J. Taylor

FINANCE credits are handled in much the same manner as are other credits and represent a combination of banking and mercantile credits. It is a loan of money, but also places a chattel in the hands of the purchaser on which we depend for protection in the event payment is not forthcoming.

Theoretically, our credits are safer than ordinary credits, as there are two names on our paper, each supposedly good for the amount involved, and, in addition, secured by collateral. The dealer may, however, become involved; the amount of the loan may be high in proportion to worth of debtor, or purchaser may suffer reverses. The chattel is constantly depreciating, and this is particularly true of motor cars. For this reason, finance credits require more constant supervision than do mercantile credits. Finance credit and collection men must be ever alert to keep losses to a minimum.

Before setting up a credit line for Mr. Dealer, a financial statement and repurchase agreement must be submitted. The latter is for our protection, in the event chattel is repossessed.

Retail financing is handled in two ways: Class "A" dealers being given the privilege of drawing on us for the deferred balance, the proceeds of the draft being credited to the dealer by the bank, as a cash item.

If, after investigation, it is found that the risk is not up to the standard, the dealer is informed and is requested to waive what we term "3C" coverage, confiscation, conversion and single interest collision insurance. If the purchaser is not entitled to credit, we then draw on the dealer for the amount due. Dealers who are not entitled to the draft privilege submit paper by mail, and a credit investigation is made before remitting.

SERVICE is a big factor in the finance business, and every transaction must be handled with dispatch. This is particularly true of mail offerings. Dealers, under this plan, are not as strong financially as those on the draft plan and cannot afford to wait an unreasonable length of time for their money.

Wholesale credits represent the financing of cars for the dealer's floor. Eighty to eighty-five per cent of the factory cost of the motor car is advanced by us. Naturally, dealers who are given this accommodation must be financially responsible. The dealer signs a trust receipt and trade acceptance for cars purchased. When a car is sold, payment is made to his bank, to

which copy of the acceptance was sent for collection.

Car checks are made periodically, not less than once every thirty days, either by our representatives, the dealer's bank or reporting bureau. A dealer may be a good risk today and a poor one in a short period of time.

In the case of the motor dealer, weather or local conditions may affect his sales, with the result that he may have old models on hand, which are difficult to dispose of, except at a loss. The fact that the dealer handles only merchandise pertaining to the motor car business makes it more difficult for him to make progress or to even hold his own, when conditions are bad. The chances of sudden reverses are increased by these factors. The tendency of the dealer, who is losing ground, to sell to poor risks and make excessive allowances for cars accepted in trade, also to cut overhead unwisely, often hastens insolvency.

Some of the pitfalls are:

1. Dangers of fraud, resulting from conversion of wholesale cars to pay local creditors who are pressing.
2. Forgeries and fictitious retail transactions.
3. Possibilities of duplicate financing.
4. Speedy service to meet competition.
5. Failure to make thorough credit investigation.

COMPETITION has forced many of the finance companies to handle credit too speedily; they receive an application and it may have been "peddled" around town, dealers may call up four or five finance companies, the finance company agreeing to take the offering and be paid for it. That is very poor business.

I believe the fact that many of the finance companies have failed to make a thorough credit investigation, that they have been lax in their collection methods, and have been careless in the extension of credit, is responsible for more failures than any other one thing in the finance business. I was discussing that with Mr. Ayres, of the

National Finance Company, yesterday, and asked him if he had any statistics on failures, he said he did not have; that, as far as he knew, there were few failures, but the companies are being bought up by other companies. He had no way of telling us whether the ones who resigned from his Association fail or liquidate or are absorbed by the larger companies.

At the present time, one of the serious matters confronting the finance companies is the cost of money; money is very high at this time, and I imagine it is a burden

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IT IS so easy, very easy, to misunderstand, to misinterpret, to misjudge. Give everyone the benefit of a possible error, and discount your own observation liberally. This advice is for all of us—for you and the other fellow, because the very advice we give and apply to others is an injunction we may need ourselves.

—JEROME CORWIN.

Are Statistics of Value to Credit Manager?

By GUY H. HULSE

Secretary National Retail Credit Association

STATISTICS, based upon reliable research, has taken modern merchandising out of the class of "hit and miss" businesses and placed it on a firm and secure foundation.

There was a time and not so far in the past, when retail merchants sent their traveling salesmen down rivers in skiffs and into the backwoods with horse and buggy. There was a time too, when our mothers and grandmothers were content to shop at the corner grocery, purchasing rancid lard from an open vat, stale crackers from an open barrel, prunes from an open box and coffee from a sack—grinding it in the little coffee grinder attached to the edge of the kitchen table. They were content to do this because they knew of no better way.

These methods of merchandising, fortunately, are obsolete. The mechanics of our businesses have kept step with improved methods of handling commodities. Today we have splendidly equipped and organized offices supervising all phases of business on a scientific basis. This, as the result of statistics which have been accumulated through exhaustive research.

In recent years, the keynote of business expansion has been sounded through group organizations. Businesses of all kinds have joined themselves together in group activities, not the least of which is the compilation, correlation and dissemination of statistics vital to their future growth and development.

A few years ago one of our great business and political leaders insisted that "competition is the life of trade." A President, who in the minds of many bulks large in future history, made his reputation largely by wielding the big stick especially in the dissolution of combinations. Modern thought recognizes that combinations, if properly consummated with the idea in view of bettering service and reducing commodity prices, are one of the guarantees of our continued business expansion.

The elimination of waste through standardization of practice and procedure and through the curtailing of duplication of effort, has been brought about largely through the combination of allied business interests. The United States government has taken an active stand through its Department of Commerce, in bringing together all branches of industry

through agreements entered into in relation to standardized practices.

None of these worthwhile things could have been accomplished without first delving into the reasons therefor and this is but another phrase for constructive research work. Statistics may be dry. Their careful analysis may be a laborious task, yet they furnish for each of us the compass which will chart our course and bring us success.

Statistics may not be compiled save through co-operative effort. Co-operation is the corner stone of our civilization. Civilization even in its present unsatisfactory state has been brought about through a constant battle of desires and ambitions based upon human ego as against the higher phase of human nature based upon altruistic idealism.

In the beginning, when man's intelligence began to send down roots that grew the plant of reason, he went forth to conquer and to make slaves. Civilization was based on slavery for untold thousands of years—later came feudalism and later still, due to the application of steam and electricity to machinery, came what is known as the industrial era. All of this the result of the orderly and regular processes of evolution, working out the scheme of human existence, laying the foundation properly and securely for the present stupendous mechanical and business development.

It is fortunate that men have been forced by circumstances even against their inclination, to forego individualistic endeavor and co-operate in the development of civilization. Cooperation was described by Dr. Frank Crane as "teamwork" when he said most truthfully that "teamwork is the thing that makes homes happy, clubs comfortable, lodges harmonious, businesses profitable, churches successful, political parties victorious, nations strong and the world civilized.

When Prometheus captured fire from the chariot of Jove, brought it to earth in a hollow reed and presented it to man as the supreme gift of the Gods, he did a splendid thing, but that individual who sleeps in an unmarked grave, to whose memory no Ode has ever been written or song has ever been sung, that man who first discovered the principle of the chimney and gave it to man as the supreme gift of man to mankind, did a vastly superior thing. He gave into

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SYSTEM

HE WHO every morning plans the transactions of the day, and follows out that plan, carries a thread that will guide him through the labyrinth of the most busy life. The orderly arrangement of his time is like a ray of light which darts itself through all his occupations. But where no plan is laid, where the disposal of time is surrendered merely to the chance of incidents, all things lie huddled together in one chaos, which admits of neither distribution or review.—Victor Hugo.

Safeguarding Retail Credit Extension in New York City

By A. J. Walker

Credit Mgr. & Asst. General Manager, Oppenheim, Collins & Co., Inc., Brooklyn, N. Y.

OLD ACCOUNTS

1. Purchasing Control:

Unless there is a proper control of the limit placed on an account, overbuying will develop in many cases. One very good method of control is to use units of \$25.00, on this basis—if the actual limit on an account is to be \$100. Before being referred to the Credit Manager, place a \$25.00 limit on the account—this being the limit that can be passed by the Tube Room Authorizers; if a purchase develops for twice the amount or \$50.00 it should be referred to the Refer Authorizers, who have access to ledgers and records of the accounts. Give these Authorizers authority to pass up to 2 or 3 times the limit; if the purchase is for four times the limit or \$100, then it should be referred to someone higher.

On a limitation for \$25.00 the Bookkeeper should also refer to the Credit Manager an over-limit slip when an open balance of \$100 has been reached. In some instances where a limit has been placed on an account, the actual experience shows that the limit is too low, in such cases the limit may be raised but should be watched a little more carefully for a time in order to determine whether the new limit is too high and action taken accordingly.

If for some reason there is a delay in posting in the Bookkeeping department the account may reach a figure somewhat in excess of the refer limit; matters of this nature may be handled by a diplomatic letter to the customer if the Credit Manager feels that the limit should not be raised, but every effort should be made to keep accounts under proper limit control.

2. Charges

It is sometimes on Slow Pay Accounts: good policy to permit charges on Slow Pay Accounts, particularly on small charges. If the customer has

been making monthly payments on an over-due account, because of force of circumstances, the permission of additional charges followed by a constructively worded letter will help retain the customer's good will, induce additional payments and if circumstances change the account may become a desirable one later. Or the account may have been slow but is now balanced, a purchase may be permitted followed by a tactful letter of inquiry regarding ability to now observe credit terms, pointing out the store's willingness to extend credit again, if such is the case.

Small purchases added from time to time will not seriously increase balances and furnishes a good opportunity to drive home credit terms and to obtain additional payments on the account. Unless the account is an exceptionally bad one, the permitting of charges on Slow Paying Accounts is better psychology than the refusal to charge, or sending the purchase C. O. D.

The problem is one that may be divided into three general classifications:

Old Accounts
New Accounts
Volume

and these in turn have many factors to be considered, which for intelligent review may be subdivided as follows:

OLD ACCOUNTS:

- 1—Purchasing Control
- 2—Charges on Slow Paying Accounts
- 3—Derogatory Information from Other Stores
- 4—Transient and Non-residents
- 5—Removals
- 6—Furnishing Derogatory Information to Other Stores
- 7—Use of the Reference Clearance Bureau

NEW ACCOUNTS:

- 8—Taking the Application
- 9—Proper Limitations
- 10—Approving Charges on New Accounts
- 11—Special Reports
- 12—Declining the Account

VOLUME:

- 13—Volume Increase over Indicated Period
- 14—Reviving Inactive Accounts
- 15—Classifying Departments for Additional Business
- 16—Keeping Losses at a Minimum

How credit losses are held to a minimum in the great city of New York is a question often asked by credit managers.

This excellent article by Mr. Walker indicates it is due to the application of sound credit principles as expounded by the National Retail Credit Association.

3. Derogatory Information from Other Stores:

If the store you represent is a member of a Credit Association or a Reference Clearance Bureau, information is furnished by other members regarding Slow Paying Accounts, Declined Accounts and various other items of a derogatory nature, which should be checked against your own accounts, so that you may determine what action to take in case you should have the account.

4. Transients and Non-Residents:

While it is true that every well organized Credit Department has numerous directories, such as those of Colleges, Blue Books of the large cities, Directory of Directors, and various directories listing "who is who," in the various professions, as well as Commercial Rating

Books, yet care must be exercised where transients do very much shopping because the credit status may change over night and their infrequent purchases do not give the Credit Department time to check information as closely as those accounts where the customer is a local resident or a frequent purchaser.

It is rather a serious problem to some of the large stores in New York City where the volume of sales from this source is as high as 20% of the total amount of sales; as many of the purchases develop into "take withs," and if the account is a new one information must be developed before permitting purchases for any great amount.

5. Removals:

It is estimated that 15% to 20% of the residents of Manhattan move on the 1st of May and the 1st of October. In some cases the status of the account changes very radically, the removal may have occurred because of a changed financial condition—sometimes better, sometimes worse. But this can be determined by having a knowledge of the new location, but it all creates a problem that must have intelligent thought and supervision. If the removal is out of the city, it necessitates the re-vamping of the credit information sooner or later in order that the account may be properly safeguarded.

6. Furnishing Derogatory Information To Other Stores:

available to our fellow

profit by our experiences, as we in turn expect them to reciprocate.

The receiving and giving of derogatory information furnishes a mass of information that must and should be handled intelligently, if any benefit is to be derived therefrom.

You may receive slow pay information about one of your satisfactory accounts, but investigation discloses a dispute over some merchandise or credit, etc. The credit grantor who gave you the slow pay information may have discovered an unsatisfactory condition, which you should have some knowledge of in order to protect your own account. Mr. and Mrs. may have separated—Mr. may advise your store that he will no longer be responsible, etc. It may be a new application for an account which you have declined. These and numerous other items should be passed along to the other members through your Association or Bureau.

7. Use of Reference Clearance Bureau:

The most logical source of obtaining desired information about an account is through your own Credit Association or Reference Clearing Bureau.

In some cities it is store owned, in some owned by the Credit Association, in others privately owned, but

whatever the nature of the ownership all effort should be made to cooperate with the clearance media so that all who participate may derive full benefit therefrom, because each credit grantor owes it to his store owners to render intelligent, effective service and for that reason

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PROGRAMME OF MID-WEST CONFERENCE N. R. C. A.

OCTOBER 22 and 23, 1929

WICHITA, KANSAS

MORNING SESSION, OCTOBER 22

Guy H. Hulse, Secretary, National Retail Credit Association, St. Louis, Mo., will preside.

8:00-9:00 REGISTRATION.

9:00

INVOCATION.

Rev. J. Allan Watson, Pastor, Riverside Church of Christ, Wichita, Kans.

9:10

"ADDRESS OF WELCOME."

9:20

John Kirkwood, President, Chamber of Commerce, Wichita, Kans.

9:20

"RESPONSE."

Ray Halstead, Sec'y, Credit Ref. & Reporting Co., Des Moines, Ia.

9:30-10:00

"WHY I AM A MEMBER OF THE LOCAL, STATE AND NATIONAL ASSOCIATIONS."

W. P. Canavan, President, Standard Office Supply Co., Oklahoma City, Okla.

10:00-10:30

"FACTS AND FIGURES PERTAINING TO OUR COMMERCIAL PROSPERITY."

Stanley Spurrier, Spurrier, Fox & Crane, Certified Public Accountants, Wichita, Kans.

10:30-10:45

"AUTO FINANCE REPORTING."

10:45-11:00

J. W. Byng, Sec'y, Credit Exchange, Springfield, Mo.

10:45-11:00

"THE COMMON MISTAKES MADE IN CREDIT GRANTING."

Joe Kennedy, Credit Mgr., Kennedy Bros. Mercantile, Blackwell, Okla.

11:00-11:20

"THE EFFECT OF INSTALLMENT SELLING ON THE BUYING POWER OF THE PUBLIC."

Walter Ingold, Credit Manager, Kansas Gas and Electric Co., Newton, Kans.

11:20-11:35

"THE BUSINESS OR PROFESSION OF RETAIL CREDIT GRANTING HAS KEPT PACE WITH THE TIMES."

Allen T. Hupp, Sec'y, Associated Retail Credit Bureaus, Omaha, Nebr.

11:35-11:50

"DECLINING THE ACCOUNT."

11:50-12:00

K. B. Hobbs, Credit Mgr., Pelletier Stores Co., Topeka, Kans.

11:50-12:00

ANNOUNCEMENTS.

12:00-1:30

ADJOURNMENT FOR LUNCH.

AFTERNOON SESSION

D. J. Woodlock, Mgr.-Treas., National Retail Credit Association, St. Louis, Mo., will preside.

1:30-1:45

"VALUE OF OPENING AN ACCOUNT PROPERLY."

W. N. Sidlinger, Cr.Mgr., Rorabaugh-Wiley Dry Goods, Hutchinson, Kans.

1:45-2:15

"CHARGE ACCOUNT CUSTOMERS ARE AN ASSET TO ANY CONCERN."

P. E. Sisney, Cinderella Boot Shop, Tulsa, Okla.

2:15-2:45

Guy H. Hulse, Sec'y, National Retail Credit Assn., St. Louis, Mo.

2:45-3:05

"THE ATTITUDE OF A MERCHANT TOWARD RETAIL CREDIT ASSOCIATIONS."

Allen W. Hinkel, Pres., Allen W. Hinkel Dry Goods Co.

3:05-3:30

"ADVERTISING."

3:30-4:00

H. Lee Jones, Kansas Gas & Electric Co., Wichita, Kans.

3:30-4:00

"QUIZ"—"WHAT IS EFFICIENT AND PROFITABLE REPORTING SERVICE?"

D. J. Woodlock, Mgr.-Treas., National Retail Credit Assn., St. Louis, Mo.

(Continued on page 20)

As business transactions with customers develop unsatisfactorily, it is very important that this information be passed along through whatever means are available to our fellow Credit grantors, that they may



The Visionary

By Frank Batty, San Francisco

Credit Manager, Hale Bros. Stores, Inc.
Vice President National Record Credit Assn.

TWIN PEAKS, overlooking the City and Bay of San Francisco and contiguous territory, affords a view which for variety and scenic grandeur stands unsurpassed. A million and a half of California's population dwell within the scope of vision from this enchanted vantage ground; below, the city of the patron saint, prosperous, carefree, and cosmopolitan; beyond, with shimmering waters of the bay between, lie thriving cities and towns and a great sea of learning—distributing centers of commerce and intelligence. Behind, the Golden Gate and the vast illimitable ocean with its ever-changing moods, symbolic of life.

Men make pilgrimages to this altitude for meditation and inspiration; artists, with brush and palette to reproduce their impressions on canvas; others ascend the steep hillsides for physical exercise and rare enjoyment and a means of escape from the commonplace, "far from the madding crowd's inglorious strife."

Friendship and Business Qualifications

As one of the latter, being neither artist nor poet, in frequent perambulations to the peaks, I have met and chatted with many men, and among them have found a friend.

Invariably I find him alone on a fine Sunday morning in the same location, usually with book in hand, intent on reading, with an occasional glance toward the unfolding vistas of land and seascape. No need either to name or describe him, but in our comparatively brief acquaintanceship we have discovered much in common and a similarity of taste in many things.

A man's mental make-up is the true criterion of value; it is said that the words we most often use are the keys to our life; this is also profoundly true of his reading; show me the books in which a person delights, and I will tell you what manner of man he is. True, books are mere instruments and means to an end, but they are also strong indicators and almost infallible signs of strength.

"Talent," said the wise Goethe, "develops itself in solitude; character in the busy stream of life," and this explains the secret of my friend's visit to the mountain. As a conversationalist he does not excel; garrulity he abhors, often remaining silent for lengthy periods, and smokes his pipe oblivious to the presence of others.

In talkative moods, which are not frequent, there is always revealed a wide scope of knowledge and love of wisdom which has an unfailing attraction and charm to kindred spirits. My friend knows Shakespeare and the Bible, and quotes both with remarkable accuracy, which in itself is an uncommon virtue. Philosophy, poetry, and natural history, and the lives of outstanding national characters are both meat and drink to him; he considers Voltaire the greatest intellectual genius of his age, and though the morality of Voltaire is debatable, my friend insists there is not much the matter with a man whose almost last words were, "I die adoring God, loving my friends, not hating my enemies and detesting superstition." Jean Jacques Rousseau and Voltaire he believes were the saviors of France, as was Savonarola of Italy.

My friend is somewhat of a hero-worshipper, with Abraham Lincoln as his ideal, and affirms the Gettysburg address and the creed "I am not bound to win, but I am bound to be true; I am not bound to succeed, but I am bound to live up to what light I have. I must stand by anybody that stands right; stand with him while he is right, and part with him when he goes wrong," are masterpieces of diction, the superior of which the world has not yet heard. He has, too, a wide acquaintanceship with the poets, and although not given to writing verse himself, believes that poetry is the indispensable adjunct to a well-balanced literary diet. Burns, Scott, Tennyson, Byron, Shelley, Wordsworth, Longfellow, and Walt Whitman are household words to my friend, and his several allusions to "The Ode to Immortality" and the character of "The Happy Warrior" incline one to think they are his favorites.

Getting Down to Business

From these and other lofty eminences in which I am at times out of my depth and marvel at my own ignorance, we digress into mundane matters and touch the fringe of commerce and its maze of ramifications involving law, production and distribution, banking and credit. In the latter my friend is well-versed, not as a mere theorist, but with practical authority not to be denied. Though not a professional, he knows accountancy, and but recently resigned his position as credit manager of a large retail institution owing to physical

disability. No glorified bookkeeper or pliant yes-man he, but one well-qualified to fill his position with dignity and honor proven by his many years' record.

The Philosophy of Clothes

On this particular occasion of which we write, our friend was found absorbed in "Sartor Resartus"—the philosophy of Herr Teufelsdröckh on the world in clothes, a subject familiar of necessity to credit men, for in that prosaic realm they largely live and move and have their being. Almost a hundred years ago, in 1833 to be exact, Thomas Carlyle, the sage of Chelsea, austere supercritic, elucidates on the theme of wearing apparel, and his deductions through the mouthpiece of the imaginary German professor are strikingly apropos in this day and generation. "Has not your red-hanging individual a horse-hair wig, squirrel skins and a plush gown, whereby all mortals know that he is a Judge; Society, which the more I think of it, astonishes me the more is founded upon Clothes."

Man, according to the gospel of Carlyle, is "an omnivorous biped, a forked radish, a clothes-horse; . . . thatched over with the dead fleeces of sheep, the hides of oxen or seals, the felt of furred beasts, and walks abroad a moving rag-screen, overheaped with shreds and tatters raked from the charnel-house of nature, where they would have rotted, to rot on me more slowly," and by degrees, through wear and tear go to the rag-grinder for new material. Clothes from the king's mantel downwards are emblematic not of Want only, but of a manifold cunning victory over Want; in other words, by their attire ye shall know them. Such is the philosophy of clothes. (One pauses to remark that a twentieth-century revision of Carlyle's tirade would be extremely interesting; it would assuredly rank as a "best seller.")

A Vision of the City—Competition

Listen to this, said our friend as he turned the well-thumbed pages. Herr Teufelsdröckh in his watch-tower on a hill above the city, from an elevation such as surrounds you and me, visualizes the scenes beneath, and with what striking metaphors does he describe it.

"I look down into that wasp-nest or bee-hive and witness their wax-laying and poison brewing and choking by sulphur. From the palace esplanade, where music plays while the serene highness is pleased to eat his victuals, down to the low lane, where the aged widow, knitting for a thin livelihood sits to feel the afternoon sun, I see it all . . . that stifled hum at midnight when traffic has laid down to rest, and the chariot-wheels of vanity still rolling here and there through distant streets are bearing her to halls roofed in and lighted; under that hideous coverlet of vapors and putrefactions and unimaginable gases, what a fermenting vat lies simmering and hid; the joyful and the sorrowful are there; men are dying there; men are being born; men are praying; on the other side of a brick partition some are cursing, and around them all is the vast void night. The lover whispers to his mistress that the coach is ready

. . . the thief still more silently sets his pick-locks and crowbars or lurks in wait until the watchmen snore in their boxes . . . gay mansions with supper-rooms and dancing-halls are full of light and music and high-swalling hearts; upwards of 500,000 two-legged animals without feathers lie round us in horizontal positions. All these huddled together with nothing but a little carpentry or masonry between them, crammed in like salted fish in a barrel, or weltering like an Egyptian pitcher of tamed vipers, each struggling to get its head above the other; such work goes on under that smoke counterpane."

"Scathing and drastic allegory," I remarked to our friend as he paused for breath," and hardly a true simile of the placid scene before us. It may have been applicable to Paris or Berlin a century ago, but not to this modern American city."

"Not quite so fast," said our friend. "Modify the language a little, but much of the truth remains. Every great city presents a problem in sociology, and this city is no exception. Competition is ever ruthless and is not a matter of geography; it is what men used to call the 'life of trade,' but we are slowly learning better; anybody can cut prices and wage warfare in terms of sale, but it takes brains to make better merchandise and sell it at a reasonable profit, whether it be mouse-traps or motor-cars."

"Men like Josiah Wedgwood, Peter Cooper, Robert Owen, and Alexander Stewart of the older school, and John Wanamaker, Marshall Field, and Henry Ford are notable exemplars of that doctrine which is fundamentally sound."

"We shall never see a revival of the Hanseatic League, although *caveat emptor* dies slowly. 'The public be damned' was the most asinine slogan ever invented, a relic of barbarism, which in the presence of confidence, and upon which the whole commercial structure is based, vanishes like yonder fog-belt before the rising sun. We are gradually getting back to first principles of business ethics and reversion to type is a fixed and irrevocable law of nature."

The Eternal Question—Is It or Is It Not?

"Character, then, is the true base," I rejoined.

"Yes," added our friend, "it is, and in the face of all that has been said to the contrary. Character (*charatto*) is Greek, and in its literal interpretation is likewise to some, but to the wise it is the indenture—the engraving process—indelible and permanent; in human equation it reveals what a man is essentially, not what he has."

"You would extend credit, then, on the basis of character alone, irrespective of the trio of C's?"

"Experience has taught me that it is usually safe ground. A man of character—not mere reputation, mind you—is only temporarily disabled; the circumstances of life are two-fold, those over which we have no control and those which we have power to overcome. Sir Walter Scott in his financial difficulties occurs to me as a famous example."

(Continued on page 31)

Why Cleveland Took Leadership in National Retail Credit Organization

By Wm. H. Gray

Secretary-Manager Cleveland Retail Credit Men's Company

COMplete cooperation with the National and adherence to all it stands for—there in a dozen words is the formula for Cleveland's rapid growth to leadership in the National Retail Credit Association. The secret of success of the Cleveland Retail Credit Men's Company is about as secret as the headlines in the paper.

Every game has its rules, whether it be ping-pong, ring-around-the-rosie, flying across the ocean, or running a credit association. And while it may be fashionable to say with the cynic that the fellow who breaks all Ten Commandments prospers over his more law-abiding brethren, the odds are still pretty high in favor of the latter being on top in the long run.

Whatever the game, then, you must know the rules before you can play it. Look at Jack Dempsey. Familiarity with the rules might have saved him his championship crown in the now famous incident of the "count of fourteen." And in the height of the excitement, a bit of attention to the referee might have made a whale of a difference.

The inference from all this is obvious: The credit association that would succeed must know the rules; and the only place to learn them—the referee of this credit association profession—is the National Retail Credit Association. Goodness knows, the National makes no secret about these rules. They are there to be followed by any association that reads the Bulletins of the Service Department, gives heed to the articles in the CREDIT WORLD, attends conventions regularly, and corresponds freely with Guy Hulse or Dave Woodlock at National headquarters. It is our experience that no one need remain in the dark very long on any question relating to credit. The National is always ready—and waiting—for the opportunity to cooperate. In fact, the observant local association should discover that cooperation is the big idea behind everything that the National preaches—and practices.

This big idea of cooperation is the very essence of credit association existence.

That is nothing new. We are constantly telling our membership about it, pleading with them for it, threatening them to get it. But some seem not to realize the benefits that can be derived from practicing it. Nearly any bureau manager can name dozens of associations that borrow valuable data from their files and never return it; ignore requests for reports; never answer their mail; fail to enclose coupons with orders for information. The National probably could add to this list organizations that never participate in its activities; never lend a

hand to national movements such as surveys, etc., lag in the payment of National dues; let check-passers slip through their fingers because they do not heed warnings from National; or knowing such crooks to have operated in their vicinity, take no step to warn National or other communities in the locality.

The rule of cooperation, and all its by-laws championed insistently and eternally by the National, is the very bed-rock on which the Cleveland Bureau has built. The rule has been observed not only in this Bureau's relationship with its members and with the National, but even in the training of its employees from top to bottom. Every executive, collector, rating clerk, stenographer, etc., in its staff of nearly a hundred employees is constantly impressed with the importance of cooperating with members, with the Bureau, with the National, and with each other. As a result the spirit of cooperation permeates every function, activity, and angle of the Bureau and whatever exertion the constant repeating of this lesson may have entailed has been more than repaid in terms of success, loyalty, dollars and cents, and every other worth-while factor.

One maxim of the National, an outgrowth of the cooperation rule, that has been followed by the Cleveland group with considerable profit is exterminating the "direct inquiry" evil. The Cleveland Association has coined a motto of: "Ask No Information Direct—Give No Information Direct" and has stuck to it with lasting benefit. This motto has been preached by way of articles in the weekly Bulletin and has been put into practice at every possible opportunity. The membership has been trained to refuse to give information to member or non-member and to refer the inquirer to the Bureau. The result is that the entire community realizes the importance of membership in the Association and adherence to its principles.

Carrying the matter a step further, the Bureau puts the motto into practice in its dealings with other Bureaus and with out-of-town retailers. In keeping with the policy of the National, the Cleveland Bureau never asks a report from a retailer in a community where a Credit Bureau functions. And when the Cleveland office receives a request for a report from an out-of-town retailer, the report is written up, sent to the Bureau in the retailer's community, and a letter written to said retailer informing him to that effect. Further than that, the local members are trained to turn all out-of-town direct inquiries over to the Bureau which gives them similar treatment. Therefore, the members know that the

Bureau practices what it preaches and are all the more ready to fulfill their own obligations.

True to the teachings of the National Association, the Cleveland Bureau looks upon itself as a central clearing house for all the credit information of its area, just as the National is the clearing house for the credit dealings of the thousand or more Bureaus comprising its membership. Strict adherence to this policy has taught Cleveland retailers to regard the Cleveland Bureau the same way and has convinced them of the necessity of Bureau membership in the interests of intelligent credit granting.

By similar instances of actual practice, it could be shown how the observance of other precepts laid down by the National has contributed to Cleveland's growth. But these will have to serve as satisfactory samples.

Suffice it to say that if you'll name any Association that has attained any degree of success in its community it will be a safe bet that the records of the National will show that the same Association is an active participant in the affairs and follower of the rules of the National Association.

These Associations have prospered because they played the game according to Hoyle. Their referee in every instance, their source of rules by which they played their credit bureau game, has been, always and without exception, the National Retail Credit Association.

Any bureau, large or small, that is ambitious to attain the greatest success in its reach, can do no better than follow their example.

CLEVELAND IN ITS NATIONAL GROWTH IS BUT ENDEAVORING TO RETURN TO THE PARENT BODY A SMALL PORTION OF BENEFITS DERIVED THEREFROM.

Be a Sport

You may call yourself dull in a fit of despair,
Or drop all your pep, and say you don't care,
But I'll tell you, my friend, that's a habit to break,
In planning this world not a single mistake
Was made in the building. So when you complain
Take stock of yourself. You're the chap that's to blame.
Just right about face; it may hurt some, it's true,
But that's just the way any good sport would do.

When you wake in the morning don't look for a cloud.
You know what's behind it. Just swing in the crowd.
Be one of them, cheerfully, singing along.
You may get a bump, but don't stop your song.
Perhaps one will hear it who needs just a bit
Of encouragement now. Your song may be it.

What matter if yesterday's failures were big?
To-day is your day, so get in and dig.
If you meet any trouble, why just change its name,
And call it a ladder. They oft lead to fame.
But whatever you do, be quick and begin it;
You never can tell just how much there is in it.

—Jane Bates in Forbes Magazine.

Buckeridge Will Manage New York Credit Bureau

Mr. A. B. Buckeridge, Manager of the Credit Bureau, Inc., Pittsburgh, Pa., has resigned that position to become Executive Manager of the New York Credit Bureau, operated by the Associated Retail Credit Men of New York. He will succeed John M. Connolly, who resigned August 1.

Mr. Buckeridge, although a young man, has made a wonderful success as a Bureau Manager. In Saginaw, Michigan, he built the largest Bureau, from a membership standpoint, in the country, and taking over the Pittsburgh Bureau in its infancy and under conditions entirely different from those in Saginaw, within three years made that the largest Bureau in the country.

PROGRAMME OF MID-WEST CONFERENCE N. R. C. A.

(Continued from page 16)

- 4:00- 4:30 "QUIZ"—"TRACING LOST DEBTORS."
A. D. McMullen, Secy.-Mgr., Oklahoma City Retailers Assn., Oklahoma City, Okla.
- 4:30- 4:45 "WHY RETAIL CREDIT IS A SHOPPING CONVENIENCE."
A. P. Lovett, National Director, Credit Mgr., Hettinger Bros., Kansas City, Mo.
- 5:00 ADJOURNMENT.
- 6:30 BANQUET SPANISH BALL ROOM, LASSEN HOTEL.
Music during Banquet and for Dance furnished by Walling Red Jackets.
Judge J. D. Dickerson, Toastmaster.
Invocation, Rev. Geo. Edward Newell, D.D., Pastor First Presbyterian Church.
- 7:30- 7:50 "LOOKING INTO THE FUTURE."
Brace Bennitt, Mgr., Central Division, National Association of Credit Men, Chicago, Ill.
- 7:50- 8:30 "ADDRESS" "YOU AND WHY."
D. J. Woodlock, Mgr.-Treas., National Retail Credit Association, St. Louis, Mo.
- 8:45 DANCING.
- MORNING SESSION, OCTOBER 23
- 9:00 DEBATE. "SHOULD THE CREDIT DEPARTMENT PROMOTE NEW BUSINESS."
9:00- 9:15 Aff.: F. W. Whitten, Cr. Mgr., Rorabaugh Brown, Oklahoma City.
9:15- 9:30 Neg.: R. J. Puckett, Allen W. Hinkel Co., Wichita, Kans.
- 9:30-10:00 General Discussion of Above Subject.
- 10:00-10:30 "ADVANTAGE TO CLIENT OF PLACING CLAIMS WITH COLLECTION ORGANIZATIONS CONNECTED WITH ASSOCIATION BUREAUS."
Harry P. Hovey, Collection Manager, Retail Credit Ass'n., Kansas City, Mo.
- 10:30-10:45 GENERAL DISCUSSION OF THE ABOVE SUBJECT.
- 10:45-11:00 "WHY MEMEBERS SHOULD COOPERATE WITH THE BUREAU."
Wm. Slotsky, Secy., Credit Service Exchange, Sioux City, Ia.
- 11:00-11:15 "BUREAU SALESMANSHIP."
W. C. Waegar, Secy., Fort Smith Retail Credit Bureau, Fort Smith, Ark.
- 11:15-11:30 "OPEN AND INSTALLMENT CLOTHIERS CREDIT ACCOUNTS."
J. A. Blackwell, M. K. Van Winkle Clothing Co., Ponca City, Okla.
- 11:30-12:00 ANNOUNCEMENTS.
- 12:00- 1:30 ADJOURNMENT FOR LUNCH.
- AFTERNOON SESSION
- 1:30 The afternoon session will be devoted to Collection subjects. Harry P. Hovey, Collection Manager, Retail Credit Association, Kansas City, Mo., will act as Chairman and preside at this session.
- 5:00 ADJOURNMENT.

A Straight from the SHOULDER TALK

By *National Director Russell H. Fish of Denver*

NOTE—Mr. Fish, who is credit manager of the May Company, Denver, delivered this talk at the Sixth Annual Convention of Retail Credit Bureau Managers of Colorado, Wyoming, and New Mexico.

RETAIL business, throughout the nation, is undergoing an evolutionary and revolutionary change.

Business methods, which were considered safe and sane five years ago, are, for the most part, obsolete today. Competition is increasing tremendously. The whole situation indicates very conclusively that the merchant who is to survive this change must be the merchant who knows all about his business; who conducts his business along the most practicable and scientific basis possible; who is careful of his overhead, and, above all, who is careful in connection with the granting of credit.

We are optimistic as to the outcome during the next year. However, we want to emphasize the fact that optimism is not based idly. We realize that in addition to being optimistic we must watch every angle of our business, and particularly the credit granting end of it. Many an intelligent, capable merchant has failed; has lost his all through unwise granting of credit. On the other hand, many thousands of merchants have accumulated enormous wealth through the safe and sane granting of credit—credit granting intelligently is one of the best business builders and profit producers that we know of.

We would caution you not to throw your books open to every "Tom, Dick and Harry," who applies for credit. We would caution you not to compete in terms granted the applicant or unreasonable time to pay. Merchants, in any community, should have an understanding of terms. If your terms are thirty days, you should adhere to such, and insist that your patrons settle within those terms, or as nearly so as possible.

You will bear in mind that loss of some sort is inevitable, even with the best and choicest of risks. Once an account is on your books, the next step is to see that it is properly collected. Your collection department should be properly organized. If, after intelligent application, your collection department fails to produce satisfactory results, your account should be promptly referred to your Association for an immediate follow-up and adjustment. There is no real reason why any merchant who understands business, and whose credit department is properly managed, should lose beyond $\frac{1}{4}$ of 1%, as a maximum. Of course, if you are careless in the choice of your charge account customers, your losses will exceed $\frac{1}{4}$ of 1% by a considerable margin, and eventually bankrupt you.

The great National Retail Credit Association, of which I have the honor of being a Director, is constantly preaching the gospel of scientific credit granting. Your

city is linked up with our great National, and is one of a net work of 1,100 reporting bureaus. Your local Association is rated by our National as being one of the best of our smaller bureaus; it is capably managed; your methods are of the best; your Secretary is well trained; capable; an intelligent man, and is in position to render the retailers of your territory the maximum protection. He is powerless, however, unless he has your cooperation.

Time forbids my going into further details, but I believe the merchants of this community are as intelligent as the merchants of any community, and I am sure, for your own good and for the good of the nation at large, that you ladies and gentlemen of this section will take the fullest possible advantage of the services of your Association, to the end that this section of the community will stand out as a shining star on the map of the nation's business, with few, if any, failures. This is possible, and can be made actual if you properly apply yourselves.

I am happy, indeed, to have had the honor of being with you tonight, and to have met so many of you. As a National Director, I extend to you a most cordial invitation to call on me, personally, or through your Secretary, Mr. Buckles, whenever I may be of service. Your National Association is working hard from every angle for the benefit of the retailer, and it is fondly hoped that all of you will get back of your National, as you are back of your Local; become members of it, and support it.

Credit World Now Printed By Kable Brothers

This is the first issue of the Credit World printed under a contract with Kable Brothers Company, Mount Morris, Illinois.

A change was made with a view to improving the standard and appearance of our publication.

Kable Brothers specialize in magazine publication and have one of the finest and best equipped plants in the country, handling over three hundred publications with a circulation of fifty million copies annually.

We feel this arrangement will help us to produce a magazine of the standard we have had in mind for years.

D. J. WOODLOCK,
Manager-Treasurer.

More Head-work and Less Foot-work in Credit Work

By Louis Spencer,

Spencer Collection Service, Oakland, Calif.

ROGER W. BABSON recently said that if twenty per cent of the unpaid bills were paid, working capital of business in this country would be increased one billion dollars.

If one could settle the question of which came first, the hen or the egg, he could then determine who is most to blame for unpaid bills, the debtor or the creditor.

Without excusing the delinquent debtor for being weak, dilatory, lacking in character, and for sometimes being perverse and dishonest, it must be recorded that the creditor often contributes to the delinquency of the debtor in a remarkable degree.

In the mad scramble for sales volume in the face of still competition, sellers not only invite charge accounts, but often implore for them. The buyers are not only tempted, but urged to mortgage their future incomes. Lack of self-control on the part of both seller and buyer frequently results in unsatisfactory conditions.

Readers of this magazine know the many human excuses to get into debt. However, it is the purpose to list here just a few of the reasons why debtors do not pay their bills more promptly.

I. *Lack of coordination between the Credit Departments of Selling Institutions and the various Credit Associations.* This fault enables many people to secure credit who already have exhausted their credit with other concerns, and who are hopelessly weighted down with debt. Naturally, such people will be slow to pay.

II. *Failure upon the part of the Credit Manager to properly impress the debtor, at the time credit arrangements are made, of the necessity for paying promptly according to terms.* Debtors should be made to feel that merchandise is cash, and that the creditor should be regarded just as one would regard a banker who had lent money. Should this not be done, and should the debtor go away with the idea that a favor has been conferred on the creditor because of patronage bestowed, the account will often prove slow.

III. *Lack of coordination between the Sales Promotion Department and the Credit Department.* Such a state of affairs may result in the Sales Promotion Department soliciting business and even urging the use of credit, at the same time the Credit Department is urging settlement of over-due accounts. Under such conditions the debtor, not knowing that mail is being received from two distinct "Departments," concludes that his or her credit is still good notwithstanding the appeals to pay-up. To avoid such confusion, care should be taken to see that addressograph stencils of

Adams On Cleveland Board

Robert Adams, Sr., treasurer for the Wm. Taylor Son & Company, one of Cleveland's leading department stores, has been elected to the Board of Directors of the Cleveland Retail Credit Men's Company, according to announcement made by Frank R. Dill of the statistical department of the Cleveland Trust Company, president of the Association.

Adams was named to serve the unexpired portion of the term of George Seymour, former credit manager of the W. B. Davis Company who is now with the Kibler Company of Cleveland.

Seymour, one of the "veterans" of the Cleveland association, has been one of its most active workers. He has been on the Board of Directors since February, 1924, and served as president for two years, in 1925 and 1926.

delinquent debtors are removed from the files of the Sales Promotion Department.

IV. *Failure to take quick and decisive action.* To cut a dog's tail off a little at a time is false humanitarianism. Creditors render more justice to debtors as well as to themselves by cutting off credit promptly at the first indication of unsatisfactory conditions. Likewise, failure to place the delinquent account in the hands of a competent collector until too much time has elapsed, inevitably means loss.

Many people delay in paying their bills who are well able to pay. Very often the Creditor, because of a faulty understanding of credit psychology and methods, is himself responsible for delays in payment of just debts.

Isn't it the truth?

Twelve "Ifs"

If you want to be respected, you must respect yourself and others.

If you want to control others, you must learn to control yourself.

If you want friends, be friendly.

If you want love, don't be stingy with your own love.

If you want justice, be fair with others.

If you want consideration, be considerate.

If you want to be great, be simple and humble, but firm.

If you want courtesy, be courteous.

If you want to be strong, be quiet and unafraid.

If you want to keep your character and reputation above suspicion, keep good company or none.

If you want to preserve your honesty, keep your conscience alive.

If you want to be popular, never say an unkind word about anyone.

Credit Men, Be Careful

Say it with flowers, say it with sweets,

Say it with kisses, say it with eats;

Say it with jewelry, say it with drink,

But always be careful not to say it with ink.



The written record of the sale is swiftly sent to the authorizer with the Lamson System. There is no guesswork and privacy on questionable accounts is assured.



Customers Like the Quiet Dignity of LAMSON Authorizing

YET that is but one of the worthy features of Lamson Store Systems. Representative establishments everywhere have demonstrated the value of Lamson in other ways. With these systems they have a centrally controlled organization. Cash and charge slips are whisked in split-seconds from the counter to the cashiers and authorizers. Equally as quickly change is back or the credit approved.

But wait! This credit approval serves purposes other than saving the customer the embarrassment of needless questioning. A two-fold mission is accomplished—your customer benefits by the tactful, dignified service and your authorizer has the protection of seeing the actual sales slip. There is no need to rely on the hurriedly spoken word. The written record is before her!

The Lamson store service representative in your section will gladly tell you more about this positive, dignified method of authorizing credits and how Lamson Store Systems can help you in your business. Your request will bring him to you.

THE LAMSON COMPANY, SYRACUSE, N. Y.

Offices in Principal Cities

LAMSON STORE SYSTEMS

Speed Sales ~ Safeguard Profit

Truesdale Now Manager of Pittsburgh Credit Bureau



JOHN R. TRUESDALE,
Manager, Pittsburgh Credit Bureau, Inc.

John R. Truesdale, former Secretary of the Service Exchange Division of the National Retail Credit Association, has been appointed Manager of the Credit Bureau, Incorporated, the official Credit Reporting Bureau of the Retail Credit Men's Association of Pittsburgh, Pennsylvania.

He succeeds Mr. A. B. Buckeridge, who resigned to become Executive Manager of the New York Credit Bureau.

Mr. Truesdale's home is Youngstown, Ohio, where seventeen years ago

he owned and operated a Credit Reporting Bureau. He became Secretary of the National Association of Mercantile Agencies, and later when that organization united with the National Retail Credit Association, became Secretary of the Service Division. He is well known to Bureau and Credit Managers throughout the country and his years of experience make him well qualified for his new position.

Are Statistics of Value

(Continued from page 14)

our possession the key that unlocked the possibilities of co-operative effort, for, without that principle having been discovered, men would still be living in tents with the smoke from their fires curling lazily upward to the vent in the top. Stores and factories, schools and libraries, churches and hospitals would not be possible save through the application of the principle of the chimney. These are the monuments of co-operative effort.

Without co-operation, the foundation stone upon which modern civilization is erected, we would still be laboring under the unsurmountable difficulties of the stone and iron ages, instead of basking in the sunlight of the greatest era in human history. Co-operation in preserving, accumulating and making available human experience, through intelligent research is responsible for our present splendid advancement.

Stradivarius sounded the clarion call of all mankind in their desire to improve themselves, when he said that God could not have made a violin without a Stradivarius and it is likewise true that God could not have made a steamboat without a Robert Fulton, to labor and toil even under the derision of friends that he might give to the world that splendid invention which has shortened the lines of commerce and made travel by sea comparatively safe and secure. God could not have made a telephone without an Alexander Bell nor a telegraph without a Morse.

Not one of these and other splendid inventions which

we enjoy would have been possible except some individual or group of individuals had been willing to give of themselves unstintedly that posterity might reap the benefit. Each of these inventions is the direct result of untold hours of faithful labor devoted to conscientious research in order that they might be perfected.

The same principles, insofar as research is concerned as apply to the mechanical side of life, also apply to the merchandising or business side. The great business institutions that are the wonder of the modern world would not have been possible except certain individuals or groups of individuals had seen fit to delve into and develop statistics related thereto.

There is no phase of business under modern conditions that is so important as the proper regulation and control of consumer credit extension. Our present prosperity and the guarantee of its continuation rests upon sane and sensible consumer credit extension. The truth of this statement is realized when we recognize that the total volume of consumer sales in the United States during 1928 was \$60,000,000,000 and that 60 per cent or \$36,000,000,000 was on some form of credit.

These figures make it patently apparent how necessary are reliable credit statistics based upon thorough and exhaustive research. Realizing this need, the National Retail Credit Association set about some two years ago to influence the Department of Commerce of the United States Government to undertake a national credit survey, believing that the data developed thereby would forever dispel the guesswork which had so long guided too great a segment of the business interests of this country in the conduct of their credit departments. This important data, however, when compiled, will, in a comparatively short time, become obsolete unless some provision is made for its constant collection and dissemination.

At the last Convention of this Association, wheels were set in motion which, it is hoped, will induce the United States Government to establish a Bureau of Credits, as a permanent department of the Department of Commerce.

The National Retail Credit Association has taken the initiative in the collection of reliable consumer statistics. Through its influence there are in operation today in this country, 1,036 Bureaus. These Bureaus serve and have as members 136,223 business and professional men. The credit data in the files of these Bureaus is reliable. They have been taken directly from the ledgers of those who need to and do use them as a guide in intelligent consumer credit extension.

The preliminary report of the national credit survey recently prepared by the Department of Commerce indicates that the merchants who make use of the statistics available through Credit Bureau service enjoy the lowest credit losses.

Credit Bureaus have become vital factors in the elimination of waste. It is recognized that they are being operated more for the benefit of the consumer than for the benefit of business. The saving which is ef-

fectured through the use of their services is being passed by the retailer to the consumer in lowered commodity prices.

What would the conditions of business be were we confronted with the necessity of returning to the old system prevalent a few years ago, of seeking all information through the "direct inquiry" route? That is to say, one merchant, banker or professional man would ask another for the credit standing of a certain customer who had given him as reference. Information developed in this way quite frequently proved worse than no information at all and credit losses were correspondingly high.

Those were the days in which we were satisfied to travel by horse and buggy over dusty and muddy roads. Today we travel by automobiles over splendidly paved highways. We are even demanding that we travel by aeroplane in increasingly larger numbers. The difference in supplementary locomotion as to travel is comparable to the difference in results as between the direct inquiry of by-gone days and the modern credit rating Bureau method of developing all information relative to each credit applicant.

Yet there are many merchants and credit executives who still revert to the old direct inquiry. It is a most pernicious practice. It is unfair and unjust to the business and professional men of the country who spent last year approximately \$14,600,000 in order to maintain central Credit Reporting offices wherein all credit

information available in the community might be deposited and from which all credit information should be withdrawn as needed.

They also had in mind that these Bureaus would relieve them of the onerous task of answering direct inquiries. Business men, and fortunately they are growing fewer and fewer each year, have absolutely no justification in still persisting to develop information through the direct inquiry. Now that such splendid machinery has been set up and made available they should be told in no uncertain terms that they must seek their information through the regular channels set up for that purpose.

The fact that 136,223 business and professional men have banded themselves together for the purpose of controlling consumer credit extension and establishing community credit policies is evidence of the splendid possibilities for statistical research incident to an understanding of the principles back of co-operative effort.

Credit Bureaus are recognized because of the data which their files contain, based upon exhaustive research, as the sentinels which safeguard American prosperity and guarantee its continuation.

In order that the National Retail Credit Association, may be abreast of the times and in step with business progress, a Business Research Department has been established. In this Department is being gradually gathered, information upon all subjects directly related

Your Collections

...in...

Detroit

Will receive the best attention possible if sent to

The Merchants Credit Bureau, Inc.

The largest collection department in the city devoted exclusively to RETAIL ACCOUNTS

The benefits accruing in placing your accounts with an organization owned by the merchants, for their protection, are self-evident.

Rates Reasonable
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The Credit Rating Co.

R. E. DEAN, General Manager
L. R. FEATHERSTONE,
General Counsel

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**MEMPHIS,
TENNESSEE**

Chicago Collections

Should be sent to the

Credit Service Corporation

Collection Department of
the Chicago Credit Bureau,
Inc., and Credit Reference
Exchange, Inc.

The Official Credit Reporting
Service of the

Associated Retail Credit Men of Chicago

35 So. Dearborn St.
Chicago, Ill.

Telephone, Randolph 2400
Credit Reports Collections

to the promotion and protection of retail merchandising. Our classifications as to subjects are varied. We recognize, however, that a complete Statistical Department will be possible only through gradual development. We have laid our plans along basically sound lines and we shall work those plans through to their ultimate conclusion. Eventually, we will have files covering all subjects of interest to retailers. The data contained in these files may be drawn upon by and for the benefit of our entire membership.

It is our hope to study our needs from the standpoint of Credit Bureaus and Credit Departments, in order that we may standardize operations, insofar as certain proven methods of practice and procedure are concerned.

This is a broad program and one which will require the united effort of each of our thousands of members. The results to be obtained, however, should be commensurate with the amount of effort and energy expended.

The U in Success

(Continued from page 12)

came up. The boat was tossed like a cork in the angry waves. Finally a sailor came dashing into the cabin crying: "Mr. Kipling, come quick, sir. Your little boy is up in the rigging, sir, hanging on to a rope. If he lets go, he'll drop into the sea and be drowned." Old man Kipling looked calmly up from his book, and said, "Never mind, the boy won't let go," and went on with his reading.

"He won't let go." How about the salesman in the field and the clerk in the office? When dark days come and business is bad and the boat is being tossed, will the old man down in the cabin say, "Never mind, he won't let go"? If he says that about you, then you don't need to worry for your career is made. It may be around the corner and you can't see it, but it's there just the same. The President of every business needs the man who won't let go and great is his rejoicing to find one.

You know enjoying a speaker is like enjoying hash. You must have confidence in him. The same thing is true of your customer. A good rule that may be followed with perfect propriety in extending credit to charge customers is to put the burden of proof upon the credit-seeker. It is probably reasonable to assume that a person who desires to obtain a merchants goods in exchange for a promise of future payment, should be willing to state on what grounds he bases his expectation of being able to make the payment at the designated time.

In closing I want to tell you something I frequently tell our own employees, we are all striving for success. The word success is spelled SUCCESS.

Of all those letters there is only one that counts. U.

Credit Granting Thru Finance Companies

(Continued from page 13)

on the smaller companies, and I know it is a burden on the larger. Rates cannot be changed; our arrangement with the Studebaker Corporation was that a rate could not be increased, we could decrease it but could not increase it, without the permission of the Company. One reason for that was they wanted a low rate to meet General Motors and some of the other large factories, and, of course, we received a subsidy from the Studebaker Company, so, for that reason, we were not permitted to increase rates, regardless of what might happen.

Retail transactions are carefully investigated by our several companies. Every purchase or rejection of the Chicago Company is reported to the Galloway Service, who report back immediately, if the record shows a previous rejection or duplicate financing.

The finance business is becoming more standardized as to rates, terms and credit extension, due to the splendid work of the National Association of Finance Companies, resulting in more factors of safety. Mr. Hanch, the Secretary-Manager of that Association, has done a very good job for the finance companies, and I think for the dealers, distributors or anyone using finance service.

Our standard terms on motor vehicles, new cars, are thirty-three and a third per cent (33-1/3%) down payment, and twelve equal monthly payments on new cars; forty per cent (40%) down payment and twelve months' time on used cars. Appliances such as radios and washing machines are sold on a minimum down payment of ten per cent, twelve months' time, with ninety per cent of the deferred balance advanced to the dealer. On electric refrigerators, ten to twenty per cent down, twelve to eighteen months' time, ninety per cent of the deferred balance is advanced to the dealer. If down payment exceeds twenty per cent, the full amount is advanced to the dealer. We endeavor, however, to confine our business to twelve months, and paper running for a longer period is the exception.

It is generally admitted that the business of financing is necessary and safe, if handled intelligently and conservatively; if we do not forget safety, in our interest in volume.

Another phase of credit entering into the finance business is the financing of the finance company. Funds with which to operate are raised:

1. Through Bank lines.
2. Through Stock and Bond Issues.
3. Through sale of collateral gold notes to banks and individuals.

While the finance company finances the individual, dealer and distributor, and in some cases the factory, the company is in turn financed by the public, because our bonds are held pretty generally by the public, and, of course, we have bank lines with the leading banks of the country.

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Washington Bulletin

National Retail Credit Association

FOREWORD

WITH the Federal Farm Board now in active operation and less and less attention being paid to the pending tariff bill, since it is becoming apparent that this situation is being handled in a more satisfactory way than appeared possible six months ago, the next legislative matter to draw the attention of business men will be a tax reduction measure in the regular session of the 71st Congress, commencing in December. The President is beginning to use a pruning knife wherever possible, and in particular in connection with Army and Navy expenditures. It should not be forgotten that the high rate of our military upkeep is represented in the very adequate way in which we take care of our sailors and soldiers, the cost per man being much larger than in that of any foreign country of size. Expenditures will, of course, determine the amount of a tax cut. Some agitation is noted for a sales tax to be discussed in connection with a revenue bill, but there appears little real sentiment in Washington for such a tax, and the real question is just where tax reduction will take place—earned incomes or corporation tax. Legislation in Washington, as most people know, is largely a matter of compromise and it would not surprise many of those well informed that there may be tax reduction in both directions—on earned incomes and in connection with the corporation tax.

BANKRUPTCY

It is understood that Col. William J. Donovan, who was the Assistant to the Attorney General in the Coolidge Administration and prominently mentioned for Attorney General in the present Administration, is making a thorough study of the National Bankruptcy Act and its operations at the request of several bar associations. When the American Bar Association meets in September at Memphis the subject is expected to be one of the leading ones on the program, and from then on, and while Congress is in regular session, it will occupy a prominent position on the legislative stage.

BANKING

There is continued suggestion in Washington that the Federal Reserve Act needs some over-hauling, especially in the matter of brokers' loans, and, as heretofore reported, the proposed treatment of this subject by Senator Glass is being given some attention. Sound banking circles, however, feel that insistence on larger margins on marginal transactions may have a strong corrective effect and obviate legislation, but in one way or another the subject still comes bobbing up again and again. Senator King, of Utah, ranking minority member of the Senate Banking and Currency Committee, has announced that the Committee has promised to give immediate con-

sideration, upon reconvening on August 19, to his resolution (S. Res. 71), now pending before the Committee, which directs a full and complete investigation and report on the reserve system and stock speculation.

DEPARTMENT OF COMMERCE

The Division of Domestic Commerce has issued a comparative statement of the causes leading to business failures as existing during the years 1924 and 1928. This statement indicates that lack of capital is the principal cause of failure in most instances, while incompetence ranks next. The unwise extension of credit is well down the line, being said to be responsible for only 1.3 of such failures. The table reads as follows:

| | 1924 | 1928 |
|---------------------------|-------|------|
| Lack of capital | 31.4 | 35.8 |
| Incompetence | 34.7 | 31.4 |
| Specific conditions | 21.1 | 17.7 |
| Inexperience | 4.8 | 4.8 |
| Competition | 1.1 | 3.6 |
| Fraud | 3.7 | 2.7 |
| Unwise credits | 1.3 | 1.3 |
| Failure of others | | 1.3 |
| Neglect | 1.0 | .8 |
| Extravagance | .7 | .4 |
| Speculation | .2 | .2 |

The Department announces that a survey will be conducted in the near future of the causes leading to the failures of restaurants, and Kansas City, Mo., has been selected as the first city in which to conduct this investigation. It is announced in this connection that the Department's bankruptcy studies contemplate an analysis of the causes of failure in much greater detail than ever before attempted. The elimination of the chain of economic difficulties which affect other elements of business in case of failure is as much the object of the survey as the study of causes for the restaurant owners themselves.

FEDERAL TRADE COMMISSION

The Commission announces that in connection with the investigation it is conducting of chain stores there is in course of preparation a new schedule designed to be sent to retailers generally in order to obtain their views on the situation. The schedule returns received from chain stores and dealers are now in process of analysis and tabulation.

MECHANICS' LIEN

The Standard State Mechanics' Lien Act Committee at its July meeting adopted a form of the proposed law which includes a provision embodying an alternative bonding feature. The Committee has adjourned until the fall when it is to submit the proposed law to the National Conference of Commissioners on Uniform State

Laws for suggestions and possible approval and then consider the matter further.

COMPTROLLER GENERAL

The General Accounting Office has made public a recent ruling of the Comptroller General to the effect that there is no authority for the permanent debarment of bidder for furnishing supplies to the War Department, but where past performance has been unsatisfactory through attempt to defraud the Government instructions may be issued to reject all bids of such contractor until such time as the contractor is able to submit satisfactory assurances of the discontinuance of such practice.

RECENT COURT DECISIONS—(Bankruptcy)

The District Court for the Northern District of New York has rendered a decision in a suit filed by a Custodian of Funds to carry out a Composition in Bankruptcy which holds that such a Custodian must allege facts showing his authority to sue. The complainant sued the defendant on two promissory notes given by the bankrupt and endorsed by the defendant, but the complaint did not set out the Custodian's authority to sue and for this reason it was held to be insufficient.

The Circuit Court of Appeals for the Fourth Circuit upheld a decision of the District Court of Maryland which ruled that the cash surrender value of an insurance policy is "money payable in the nature of insurance" within the meaning of article 83, section 8 of the Code of Public General Laws of Maryland, and is, therefore, exempt from seizure by the trustee of a bankrupt up to \$500, the trustee being entitled, however, to all of the cash surrender value in excess of \$500.

The Circuit Court of Appeals for the Third Circuit has ruled that where a contract provides that title to goods shall not pass until they are received by the buyer, and under this contract the seller delivered the goods to a carrier before appointment of a receiver, the fact that the receiver took possession of the goods did not entitle the seller to the status of a preferred creditor, since the receiver was not exercising a right of purchase under a new contract but was bound to accept delivery unless the contract was terminated by the seller. The lower Court held that under the circumstances the seller became a general creditor, which was concurred in by the Circuit Court.

The District Court for the Southern District of New York in a recent decision affirmed the order of a referee in bankruptcy which allowed a claim for refund of money paid to the bankrupt under a contract which was executory, and which neither the bankrupt or his trustee had fulfilled. The claimant had paid \$125,000 as part of a purchase price, and the failure of the trustee to elect to carry out the contract for the benefit of the bankrupt estate entitled the claimant to the return of his money with interest. The Court referred to the following quotation from another case: "Bankruptcy is a complete disablement from performance of a contract and the equivalent of an out and out repudiation, subject, of

course, to the right of the trustee to carry out the contract for the benefit of the bankrupt estate."

The District Court for the Southern District of Illinois has handed down a decision which holds that a trustee in bankruptcy cannot administer property of a bankrupt which is encumbered by mortgages which equal or exceed the value thereof unless the consent of the mortgagees are received. The Trustee had been given permission by the Referee to sell the property, over the protest of the mortgagees, who requested to be permitted to foreclose their trust deeds in the State Court. The ruling of the Court reversed the decision of the Referee.

Using Fall Merchandise Events to Stimulate Charge-Account Business

By DANIEL J. HANNEFIN
Better Letter Counselor, St. Louis.

It's not too early now to begin planning *your part* in the Fall Merchandising Campaign!

Forget the heat and welter of midsummer! Look ahead a few weeks. Fall—the *greatest* selling season of the year is just around the corner!

And the up-to-date credit department—alive always to its possibilities—recognizes this season as an account-building opportunity—a fertile field for "account-promotion" letters.

The stage is set for you: On one hand—a store full of new merchandise—new styles, new fabrics, a new season. On the other hand, your customers and those who ought to be your customers, returning to their homes with new plans and new desires—new wants to be filled.

Make your letter plans now. Make up a list of your inactive customers. Ask them to come back into the fold. Invite them in to see the new fall merchandise.

And if you haven't a prospect list, that is a list of every person in your community who should be a customer of yours, *build one now*.

Then use your new fall merchandise as a lure for these prospects! While stocks are complete and the store is looking its best, try to sign them up as regular customers.

"But, how are we going to get the names of prospects?" you'll probably ask.

There are many different sources to draw on for prospect lists—so many in fact that we're devoting more space in this issue to the subject.

Now, turn to the next page, please, for definite suggestions for account-building letters capitalizing the Fall appeal.

SOME LETTER SUGGESTIONS FOR FALL MEN'S STORES (or Men's Departments)

The new fall suits are here—ready for your inspection.

(Put in a brief paragraph of description and price ranges here.)

This is a double invitation:

1. Come in and make your selection now—before the public announcement.

2. While you're here, bring this letter up to the Credit Office. We'd like to arrange a charge account for your convenience.

Will you ask for me? Thanks!

Sincerely,

SHOE STORES (or Shoe Departments)

After you've chosen your new fall suit—look at your shoes! A new suit deserves a new pair of shoes—it won't look its best without 'em!

Come in and see the new fall footwear, make your selection and charge your purchase if you like. We'd be glad to arrange a charge account for you.

Sincerely,

WOMEN'S APPAREL

Autumn is on its way—and the new autumn clothes are here—new styles, new fabrics—new colors, in a variety that will enchant you.

For instance, (list here lines you want to feature).

You are invited to an advance showing of Fall styles—in the Main Salon—Thursday, September Nineteenth. This invitation is being sent to our regular customers and to a select list of those we'd like to have as regular customers.

So you are invited, too, to open a charge account with

us. Your name would be a welcome addition to our list of charge-account patrons.

Sincerely,

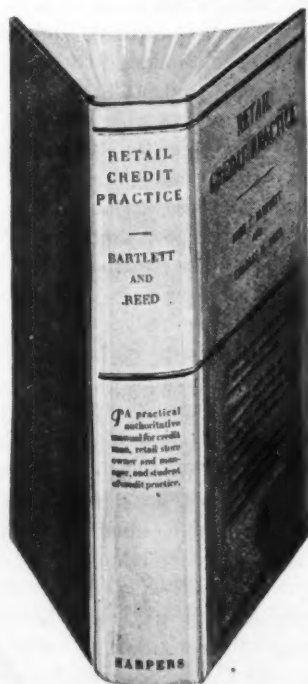
Good Collections Depend Upon Good Letters

How many letters fail to register for the simple reason that the writer did not visualize the customer to whom he was writing, and the conditions under which his letter would be read? Of course we cannot write a letter that will always be ideally suited to every reader, because we do not know who all our readers will be, especially if our letter is going out by the thousands. But in a general way we can picture the scene when the letter arrives, and build our opening accordingly.

Commonplace, unimaginative opening paragraphs are all too frequent. And they are so easily remedied. A slight twist in the wording—a fresh way of saying the same old thing—will many times change failure into success.

Realizing this the National Retail Credit Assn. arranged a better letter service and engaged an expert to handle this department. Members desiring to take advantage of this service which brings to them new ideas and new thoughts on letter writing every month should write the Better Letter Service of the National Retail Credit Association, St. Louis.

EVERY CREDIT MANAGER AND STUDENT OF CREDIT SHOULD READ THIS BOOK



Retail Credit Practice

By
JOHN R. BARTLETT
AND
CHAS M. REED

MODERN CREDIT PRACTICES EXPLAINED IN DETAIL
HOW TO OPEN ACCOUNTS
HOW TO INCREASE CREDIT PURCHASES
HOW TO COLLECT ACCOUNTS
HOW TO HANDLE INSTALLMENT BUSINESS

\$4.00 Per Copy

NATIONAL RETAIL CREDIT ASSN.
PLAZA-OLIVE BLDG. SAINT LOUIS, MO.

Safeguarding Retail Credit

(Continued from page 16)

should use all possible means to protect the accounts receivable for which he is ultimately responsible.

The better results obtained the more the profession will be thought of, as well as the individual who is responsible for results.

NEW ACCOUNTS

8. *Taking the Application:* While it is true the customer may be made to feel as if he were being put through the "Third Degree" yet if the customer is handled properly all the desired credit information may be obtained when an account is being opened. The form generally used by the most progressive houses is so comprehensive, that a resume along these lines seems needless, but it should be borne in mind that if Mr. and Mrs. are separated, Mrs. will not always say so, and if there has been any unsatisfactory experience with some other store it will not always be revealed, but these facts can be readily determined by judicious questioning and by proper investigation.

There is one point, however, that I would like to bring out—that is, that proper emphasis should be placed upon Credit Terms when the application is being taken, if the applicant has other accounts, it has undoubtedly been called to his attention before, but if reiterated and told in the proper manner and sufficient importance given to this phase of the situation it will have some bearing upon the future conduct of the account.

9. *Proper Limitations:* Sometimes either because of incomplete information obtained at the time the account was opened or for other reasons, a limit either too low or too high may be placed upon the account.

If when an invitation is sent to a new customer on which a small limit is placed and the customer purchases a fur coat or makes some other purchase of a large amount which is in excess of the limit placed on it it causes a situation calling for extreme diplomacy especially if it is a "take with."

However, the account must be protected for control and against over-buying until some experience has been developed and it is much easier to raise the limit than to lower it.

10. *Approving Charges on New Accounts:* In many cases where a new account is opened, the customer may make a purchase the same day and it may be a "take with."

If the person taking the application can obtain enough information and all derogatory files are kept intact, and if the proper credit data is kept up to date, there is a 95% reason for extending an invitation for asking the Credit applicant to make use of the account while in the store, because most of the large

stores will not decline more than 4% or 5% of their new applications for an account.

When the new application has been taken and you wish to keep a record of purchases made, etc., make a 3x5 card of the name and address, send it to a pending file in the refer department and place a limit as to the amount that can be passed pending the sending of the invitation, having the person responsible for the charges write in pencil, the date, amount of purchase, together with their signature, so that when the card is picked up after an invitation is sent the Credit Manager knows the exact status of the account.

This same 3x5 card can also be placed in a calendar file and dated 30 days ahead—then sent to the Book-keeping Department for checking so that the amount purchased during the 30 day period or the inactivity of the account may be observed and acted upon accordingly.

11. *Special Reports:* If an application is taken for a new account and there is no previous experience with other stores, it is always advisable to obtain a special report using an agency that has a reputation for furnishing prompt and accurate reports. If the account for some reason becomes excessively high or long overdue and there has been no previous special report obtained, steps should be taken to secure one immediately. It is never possible to obtain too much information about an account; the more you have the better the account can be handled both from a credit as well as a collection point of view.

12. *Declining the Account:* Regardless of the fact that other stores may report an account slow pay when information is being developed in connection with a new account, some stores will open the account if there is indicated responsibility, sending a letter along with the invitation in the hope that the account may develop into a desirable one.

If it is necessary however to decline the account because of derogatory information tell the customer why, courteously but frankly. In some instances you may help some other store collect a past due indebtedness, or even create a cash customer for the store.

VOLUME

13. *Volume Increase:* One of the major problems the Credit Manager must solve is that of increasing the volume of charge business over a previous indicated period. One method is that of soliciting new accounts using the usual Credit References Books and like media, but for some reason many stores seem to all pick out the same period of the year to do this solicitation, with the results that I have personally received as many as 20 letters in one month soliciting my charge business. If a period is picked to do solicitation somewhat different than is now used there is no doubt but what the results would be more effective.

14. *Reviving Inactive Accounts:* Another method that is used effectively to increase volume is that of reviving inactive accounts.

I have found the following method to be very good: Head up a bill for each paid up desirable account and if at the end of the month no purchases have been made, have a letter multigraphed on the bill head and send same to customer, in an open faced envelope; if no purchases are made the following month then make up a statement in duplicate. Have a letter written on the statement form, retaining the duplicate for checking purposes. Each bookkeeper to retain the duplicate statements according to the ledgers she handles; as purchases are made pull the statement and put on it the amount of purchase. This gives you a check for both the number of accounts revived, as well as the amount of the first purchase.

On the third month letters may be sent on letter heads using the unpulled statements for a list of names and addresses so the duplicate statements may be retained and used for further checking.

15. *Classifying Department Buying:* Classify your charge accounts into a number of major classifications dividing them according to the number of large price departments in the store using numerals such as 1-2-3-4-5 etc., in order to separate your departments.

List your names and addresses on a large sheet of paper and alongside list the numbers of departments or department the customers use; to those that are not using all the departments write a letter either mentioning departments not used, but endeavor to get the customer to shop more generally in the different departments. (Space will not permit of further detail but this method will undoubtedly increase volume of sales.)

16. *Keeping Losses At A Minimum:* Regardless of the amount of business increase, by whatever method used, the losses are not supposed to exceed a certain figure, many stores using as a basis $\frac{1}{2}$ of 1% for a six months fiscal period.

Different methods are used to arrive at this figure; some take the total amount of their charge off and deduct from this any collections made during the previous six months on previous items charged to P & L from this total and the net figure is taken as the charge off, others do not deduct the amounts collected on previous P & L items.

Some include all items sent to an attorney or collection agency and charge them off regardless of the possibility of collection figuring upon a larger amount to deduct later as a P & L collection, others do not do so. But whatever the method used, losses must be kept to a minimum and whether collections are handled by the Credit Manager or by some other person or department it is one of the big problems in credit extension particularly as most stores have the balanced account that has been

handled for collection referred to the Credit Manager for review with the possibility of reopening the account for further use by the customer.

The Visionary

(Continued from page 18)

On Familiar Territory

Your National Retail Credit Association significantly changed its motto some time ago from merely the date of its organization to "Character." Why did it do that? For the reason, I presume, that its leaders realize that business is founded on that mutuality of confidence between merchant and public, without which the entire commercial system becomes a veritable house of cards.

St. Louis and Washington, D. C., are synonymous in the realm of business. Both are in reality the seat of law and government in their particular spheres. A National Credit Association is indispensable in view of the gigantic proportions which retail credit has assumed today. A nation without adequate laws is nefarious; so with commerce; and credit exploited by selfishness and greed is a menace to progress and prosperity. Regulated and controlled, it is beneficent and economically sound, but not otherwise. It is a good servant indeed, but a tyrannical master. The paramount duty and function of St. Louis is to teach this—proclaim it from the housetops.

The Melting Pot at Work

"You have of course heard of the Consumers' League. What do you think of the idea?" I asked.

"Frankly," replied our friend, "I know but little of it, and hardly considered it or its supporters entitled to serious consideration. I understand one of the tenets is that credit should be a kind of 'free for all'—something to be had simply upon request, without knowledge or investigation of the applicant. If that is so, it is, to say the least, a misnomer and will die an unnatural death. Philanthropy and business are insoluble, and cannot be anything else."

"In the light of this theory, how about the adage that 98% of the public is honest?" I inquired.

"That," said our friend, "is a broad statement to which I cannot subscribe. Honesty is a relative term, and must always be considered as such. True, it is the best policy, but I refuse to believe that two and a half millions of our country's population are crooks and thieves, and are, or should be, in the penitentiaries; fortunately that is untrue. Honesty and honor are identical, but often suffer divorce. By no law of reasoning and experience is everyone entitled to credit. Untold thousands of 'honest' people are positively incapable of managing their own affairs, and whose conception of honor is one upon which no successful enterprise could be conducted. A sane parent does not give his child a razor for a toy. Similarly, we do an injustice by extending credit to those who fail, either by ignorance or design, to realize the reverence for and the dignity of an obligation. The honesty of a debtor is questionable when

he fails in an agreement, and he needs to be taught some elementary truths."

The Bane and the Antidote

"This insatiable quest for volume for volume's sake at the expense of mutual confidence is a fallacy," continued our friend. "It breeds distrust, and the credit structure is shaken as if by an earthquake. You recall the Anglo-Saxon king who succumbed as the result of a surfeit of lampreys. History often repeats itself, and your King Credit may not be immune. The devil attacks the fort in the most vulnerable spot, and an enemy within the camp is far worse than one outside."

"Granted," I remarked, "for the sake of argument, that your strictures are well-founded. What would you suggest as a remedy? Your insight is pessimistic, and to be of value it should be constructive."

"Effective remedies," said our friend, "are the result of proper diagnosis, and I am neither physician or efficiency expert. It occurs to me, however, that grave danger lies in the present system, or lack of it, in the extension of credit. Is it not true that credit is sought today not so much for the accommodation and service it affords, but through sheer necessity and failure on the part of the applicant to make ends meet? Has not the modern merchant assumed the role of financier for the speculations of his customers on the stock and bond market?"

"Admitted that credit has raised the standard of American living, but even this has its limitations, and is governed by the earning capacity of the people. It appears to me that that limit has been exceeded in a multitude of instances, and wanton extravagance is evident. It is superfluous for me to remind you of this: you credit men know it already. The question of paramount importance is whether or not mass production and consumption tends to a better civilization—in the highest and best sense of the word. I believe that a tremendous responsibility rests upon the shoulders of credit men in moulding and directing the moral and economic forces of our nation, and your prerogative is to discern that thin line which divides unwise conservatism from unsound liberality. No easy task, I assure you. The statement that there is no cause for unrest because savings bank deposits are greatly on the increase and that the life of the population or a majority of it, is insured for an enormous sum, are a safety valve, will bear analysis. These are assets, it is true, but only liquify under compulsion or at death. By that I mean they do not solve the immediate problem of gigantic frozen resources in the shape of accounts receivable.

"The remedy you request is not easily defined in a few sentences, but there is a way out, and it will be revealed only as the result of a long and perhaps tedious process of *EDUCATION* by specialists in economics and sociology. By this I do not imply that the college professor will assume leadership; he will not, but his assistance is invaluable. From the ranks of intelligent, alert credit executives, aided by the guidance of St.

Louis (again as a symbol), there will emanate textbooks and lecture courses for the rising generation instructing them in the ethics of business, the supreme value of character as an asset, and allied themes. That is the ultimate solution, but its realization will be gradual, and it will hardly keep pace with the fast rate at which modern society is traveling."

Government by, of, and for the People

"In the meantime, credit will become both legitimately and logically a *CIVIC MATTER*—let us say a matter of civic pride. Just as an officer or an electric sign post controls and regulates street traffic, thereby minimizing danger and reducing the number of accidents, so will merchant and credit executives, both as citizens, use the 'stop and go' signs in concert with the masses in preventing overbuying and pyramiding of accounts with attendant loss and eventual bankruptcy. Civic interest will go further and enlist all large employers of labor, such as railroads, factories, and distributing plants in a movement to urge prompt payment of obligations on the part of every employee, even to the point of disciplinary compulsion. There is nothing Utopian or even original in such an idea. Reverse the process for the sake of argument and ask how long would an employee tolerate irregularity in payment of his salary by his employer. What is sauce for the goose is sauce for the gander, and why not?"

"When such a plan is favored by the Federal Government, and already successfully operated by some great organizations, why should it not become general in municipalities in the interest of better business conditions? I see no obstacle except the charge of magnate against credit that we hold in our closet the skeleton of unwise extension of credit to those wage-earners whose will-power and moral fiber was insufficiently strong to resist the temptation to 'charge it.'

"It is your duty to see that no such sin is laid at your door, and that between credit and discredit there is forever a great gulf fixed."

The setting sun in golden glow and the lengthening shadows terminated our discussion, and with prospect of resumption in the near future, we wended our way to the lowlands and point of divergence, my friend and I. A visionary, an idle dreamer of things existing only in the imagination, an impractical schemer?

To the blasé and complacent, yes, but to the thoughtful and more sober-minded, a *vade mecum*, a thinker—such are the salt of the earth.

POSITION WANTED

By man with Accounting experience, Credits, Collections, Claims and Adjustments. Can handle heavy job, several years detail office experience. Handle the public well, good mixer. Now employed as Credit Manager, having charge of Accounts Receivable and the Correspondence. Address Box L, the Credit World.

